



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2003



CITY OF STOCKTON, CALIFORNIA

**Prepared and Issued by
The Administrative Services Department**

**JOHN HINSON
Administrative Services Officer**

This page intentionally blank.

INTRODUCTORY SECTION

This page intentionally blank.

CITY OF STOCKTON

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2003 TABLE OF CONTENTS

	Page(s)
<u>INTRODUCTORY SECTION:</u>	
Table of Contents	I-III
Letter of Transmittal	V-XII
Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting	XIII
California Society of Municipal Finance Officers Certificate of Award for Outstanding Financial Reporting	XIV
Organization Chart/List of Principal Officials	XV-XVI
<u>FINANCIAL SECTION:</u>	
Independent Auditor's Report	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS (Required Supplementary Information)	3-12
BASIC FINANCIAL STATEMENTS:	
Government-wide Financial Statements:	
Statement of Net Assets	13
Statement of Activities	14-15
Fund Financial Statements:	
Balance Sheet – Governmental Funds	20-21
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	23
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	24-27
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	29
Statement of Net Assets – Proprietary Funds	30-31
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds	32-33
Statement of Cash Flows – Proprietary Funds	34-37
Statement of Fiduciary Net Assets – Agency Fund	38
Notes to the Financial Statements	39-75

CITY OF STOCKTON

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2003 TABLE OF CONTENTS (Continued)

	Page(s)
REQUIRED SUPPLEMENTARY INFORMATION:	
Schedules of Defined Benefit Pension Plans Funded Status:	
Miscellaneous Plan	77
Safety Plan	77
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – On a Budgetary Basis – General Fund	78-79
Notes to the Required Supplementary Information	80-81
 COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES:	
Combining Balance Sheet – Nonmajor Governmental Funds	86-91
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	92-97
Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – On a Budgetary Basis:	
Public Facilities Impact Fees Major Capital Projects Fund	98
Capital Improvement Major Capital Projects Fund	99
Solid Waste & Recycling Nonmajor Special Revenue Fund	100
Gas Tax Nonmajor Special Revenue Fund	101
Measure K Sales Tax Nonmajor Special Revenue Fund	102
City-County Library Nonmajor Special Revenue Fund	103
Special Assessments Nonmajor Special Revenue Fund	104
Emergency Medical Transportation Nonmajor Special Revenue Fund	105
Recreational Services Nonmajor Special Revenue Fund	106
Development Services Nonmajor Special Revenue Fund	107
Special Projects Nonmajor Special Revenue Fund	108
Other Special Revenue Nonmajor Special Revenue Fund	109
Combining Statement of Net Assets – Nonmajor Enterprise Funds	112
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets – Nonmajor Enterprise Funds	113
Combining Statement of Cash Flows – Nonmajor Enterprise Funds	114-115
Combining Statement of Net Assets – Internal Service Funds	118-119
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets – Internal Service Funds	120-121
Combining Statement of Cash Flows – Internal Service Funds	122-125
Statement of Changes in Assets and Liabilities – Agency Fund	127
Capital Assets Used in the Operation of Governmental Funds:	
Comparative Schedule By Source	129
Schedule by Function	130
Schedule of Changes by Function	131

CITY OF STOCKTON

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2003
TABLE OF CONTENTS (Continued)**

	Page(s)
<u>STATISTICAL SECTION: (UNAUDITED)</u>	
Government-wide information:	
Government-wide Expenses by Function	134
Government-wide Revenues	135
Fund information:	
General Governmental Expenditures by Function	136-137
General Governmental Revenues by Source	138-139
General Governmental Tax Revenues by Source	140-141
Secured Property Tax Levies and Collections	142
Assessed Full Cash Value of All Taxable Property	143
Property Tax Rates - Direct and Overlapping Governments	144
Principal Secured Property Taxpayers	145
Special Assessment Billings and Collections	146
Computation of Legal Debt Margin	147
Ratio of Net General Obligation Bonded Debt to Taxable Assessed Value and Net General Obligation Bonded Debt Per Capita	148
Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt to Total General Governmental Expenditures	149
Direct and Overlapping Bonded Debt (1)	150
Revenue Bond Coverage Water Revenue Bonds	151
Demographic Statistics	152
Construction Activity and Bank Deposits	153
Miscellaneous Statistics	154
Schedule of Insurance in Force	156-157

This page intentionally blank.



CITY OF STOCKTON

OFFICE OF THE CITY MANAGER

City Hall 425 N. El Dorado Street Stockton, CA 95202-1997 209/937-8212 Fax 209/937-7149
www.stocktongov.com

December 19, 2003

Honorable Mayor, City Council
and Citizens of the City of Stockton, California

In accordance with the provisions of Section 1910, Article XIX of the City Charter, we hereby submit the Comprehensive Annual Financial Report (CAFR) of the City of Stockton (City), California for the fiscal year ended June 30, 2003 with the Independent Auditor's Report.

The Comprehensive Annual Financial Report consists of management's representations concerning the finances of the City of Stockton. Management assumes full responsibility for the completeness and reliability of all the information presented in this report. Management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Stockton's financial statements in conformity with generally accepted accounting principles (GAAP).

The City Charter requires an annual audit of all accounts of the City by a firm of certified public accountants selected by the City Council. Macias, Gini, & Company LLP is in the third year of a five year contract with the City and performed the audit in accordance with generally accepted auditing standards. Based on the results of the audit, the City of Stockton's financial statements for the fiscal year ending June 30, 2003 received an unqualified opinion in the independent auditor's report, which is presented as the first component of the financial section of this report.

In conformance with provisions of U.S. Office of Management and Budget Circular A-133, the City is required to prepare an annual Single Audit Report. Information relating to this Single Audit (including a Schedule of Expenditures of Federal Awards, the independent auditor's report on internal controls, report on compliance with applicable laws and regulations, and a schedule of findings and recommendations) are included in a separately prepared and printed Single Audit Report.



This is the second year that Statement No. 34 of the Governmental Accounting Standards Board “Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments” (GASB 34) applies to the City’s CAFR. GASB 34 requires management to provide a narrative introduction, overview, and analysis, called Management’s Discussion & Analysis (MD&A), to accompany the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the independent auditor’s report. As with the financial section of this report, all dollar amounts represented in this letter are expressed in thousands.

GOVERNMENTAL STRUCTURE AND THE REPORTING ENTITY

The City provides the full range of municipal services contemplated by statute or charter, including those functions delegated to cities under state law. These include water utility, sanitary wastewater utility, stormwater utility, public safety, public works, library, parks and recreational activities, and general administrative services.

The financial reporting entity, the City of Stockton, includes all funds of the primary government as well as all of its component units. The funds and component units included in the CAFR are those for which the primary government is financially accountable. The City’s component units are legally separate entities that, in substance, are part of the primary government’s operations. Therefore, they are reported as blended component units and are included as part of the primary government for financial reporting purposes. Accordingly, the Redevelopment Agency is reported as part of the special revenue funds and capital projects funds. Stockton Public Financing Authority is reported as part of the capital projects funds and debt service funds.

The annual budget serves as the foundation for financial planning and control for the City of Stockton. The Charter requires the City to prepare and adopt a budget through passage of a resolution by the City Council on or before June 30 of each fiscal year. The General Fund, certain special revenue funds, and certain capital projects funds have legally adopted annual budgets. Budget and actual comparisons are provided in this report for each individual governmental fund for which an annually appropriated budget has been adopted.

For the General Fund, this comparison is presented on page 78 as part of the required supplementary information. For other governmental funds, this comparison is presented in the governmental fund subsection of this report beginning on page 98.

ECONOMIC CONDITIONS AND OUTLOOK

Economic Trends

Low mortgage interest rates and relatively low real estate costs in comparison to the Bay Area have continued to boost the housing market. Five thousand one hundred fifty-four (5,154) residential permits were issued in fiscal year 2003 – an increase of 53% from fiscal 2002. Due to growth in the housing market, new businesses related to construction have relocated their businesses to Stockton. Many retailers have taken advantage of the market, including the addition of the Pacific Town Center and a new power center that is under construction.

Jobs/Labor Market

The City of Stockton makes up 43% of the population of San Joaquin County and 41% of the available work force. The average unemployment rate in the 2002 calendar year was 11.8%. Stockton is a developing center for manufacturing, warehousing, and distribution. By location, Stockton is attracting construction corporations and retail companies. This growth will continue to be fueled by young, first time and middle income homebuyers, by corporate relocations, and an influx of new business. California's Economic Development Department (EDD) forecasts the Stockton area will experience an increase of 18.7% new jobs between 1999 and 2006. The Forbes/Milken report on Best Places for Business and Careers ranked San Joaquin (i.e. Stockton-Lodi MSA) the 24th Best Place for 2002 out of 296 U.S. metro areas.

MAJOR INITIATIVES

During fiscal year 2003, the City continued to focus on its most important goals and objectives of crime prevention and reduction, developing social, economic, and cultural opportunities for all, including youth, revitalizing the downtown and waterfront, continuing opportunities for economic growth, and exercising fiscal responsibility, while providing needed services.

Action Teams

Since becoming City Manager, I have implemented several action teams, including Community Health Action Team (CHAT), Neighborhood Action Team (NAT), Downtown Action Team (DAT), Channel District Action Team (CDAT) Budget Efficiency Action Team (BEAT), Youth & Education Action Team (YEAT), Airport Corridor Action Team (ACT), General Plan Action Team, (GPAT), and the Midtown Magnolia Action Team (MMAT).

During fiscal year 2003, CHAT shifted its main focus from downtown blight issues in relation to hotels, motels, and apartments to the Midtown area. Their goal, with the assistance of San Joaquin County (County) and California Social Services Alcohol and Drug Program, is to improve the quality of life for tenants and property owners. NAT expanded its scope to include Carrington Circle, Weston Ranch, Center/Airport Way, Park Village Apartments, St. Francis Village Apartments, and Grant Village Apartments. DAT continued to work on downtown revitalization projects, including the renovations of Hotel Stockton and the Fox California Bob Hope Theatre, the development of the Cineplex, attracting several new restaurants, and improving the appearance of the downtown area. CDAT is responsible for managing the implementation of the Stockton Events Center, which will include a 10,000 seat indoor arena, a 5,000 seat minor league baseball stadium, waterfront apartments, and a 150 room hotel with a 15,000 square foot meeting place. BEAT continues to identify ways to improve revenues through cost recovery, updating franchise agreements and the fee structure. YEAT continues to encourage youth to become more active in the community and is focusing on fundraising for the Teen Center.

Public Safety

The Police Department continued to focus on youth and family programs by assigning staff to the Youth and Education Action Team (YEAT), and increasing School Resource Officer (SRO) activities in rapidly growing areas as new schools opened, particularly, in the Weston Ranch community. Also, the Department dedicated additional resources to address increased juvenile gang activity. The Police Department contributed to the

Downtown Revitalization project through participation in the Downtown Action Team (DAT) and Community Health Action Team (CHAT). A particular focus has been placed on increasing Downtown security related to the waterfront projects, Downtown Cineplex development, and Hotel Stockton restoration. The Department also participates in the Midtown Revitalization and University Park projects.

Crime in Stockton continued to increase slightly for the second year in a row, despite increased Officer-initiated services and enforcement efforts aimed at reducing violent gang activity and auto theft. To meet the demands of rapidly growing neighborhoods, particularly in North Stockton, the City purchased an office building to be converted to a 24-hour police facility, which is projected to begin operations during the 2003-2004 fiscal year.

Parks and Recreation

The City's Parks and Recreation Department contributes greatly to Stockton's quality of life. Over 60 parks and a dozen landscape districts provide a variety of open spaces and urban greenbelts. Stockton's mild climate and location in the midst of the Central Valley farmlands, Delta wetlands, and Sierra skyline make it a delightful locale for many recreational opportunities.

The Stockton Parks and Recreation Department supports City Council initiatives for youth by providing award-winning day camps for children on school breaks and 52 after school recreation and enrichment programs that provide a safe, stimulating environment for students who might otherwise be home alone. Six community centers offer a variety of programming for everyone from youth to seniors. With Parks and Recreation support, the Youth Advisory Commission and community center teen clubs have initiated an interactive relationship with the City Council and host an annual Mayor's Youth Conference.

Stockton's multitude of recreational activities is not limited to the Delta waterways, parks, and sports complexes. The City's youth and adult intramural sports leagues play throughout the entire year with hundreds of teams. Parks and Recreation is also involved in expansion of the arts as well as oversight of the City's Public Art Program. The department also facilitates a variety of special events. Multicultural festivals, teen concerts and family fun augment traditional holiday events and an annual Concert in the Park series.

Library and Literacy

During fiscal year 2003, the Library loaned nearly 2.2 million items to the public and the number of library visitors totaled nearly 1.3 million -- each a record for the 123-year history of the Library. In a high-tech age, library users continue to focus on reading. The second "One Book" reading/discussion program expanded from Stockton to the entire County and included the City of Lodi, which operates its own public library. Book clubs for all age groups were initiated at many of the libraries. The innovative library-based pediatric literacy program, Reach out and Read, won a Challenge Award from the California State Association of Counties; and the adult literacy program expanded to Tracy and Manteca. Faced with a declining book budget, a successful "Call for Books" campaign generated nearly 1,000 new books and videos each month for the Library's collections.

During the year, a new integrated computer system was selected, and planning for migration to the new system moved forward. Full implementation is expected in Spring 2004. Library staff worked with City officials to prepare grant proposals for state matching funds for construction of new branch libraries in Northeast Stockton, Manteca and Ripon. At the Chavez Central Library, planning for a remodeling project took much of the year; the remodel will increase the size of public areas, add a computer lab and new offices for the Library Family Literacy Program, and feature a coffee bar in the patio area.

City Events

The population of Stockton reflects the influence of many cultures; waves of immigrants continue to redefine the diverse opportunities with dozens of events taking place each week. From Summer Concert Series to Farmers Markets, annual festivals, concerts and events, film festivals, celebrations and shows, the City provides a range of activities for every lifestyle. Fine arts are supported through a civic center, concert hall, as well as symphony, ballet, and chorale groups. Other major events include: girl's fast pitch tournament, karate championship, golf tournaments, a national wakeboard competition, The Asparagus Festival, Festival of Lights, Waterfest, bass tournaments, Special Olympics and Stockton Ports (a professional baseball club).

All-America City

Stockton was designated an All America City by the National Civic League in 1999. Stockton received this award for collaborative accomplishments in the community: creating new jobs, reducing crime, positively impacting the physical environment, and revitalizing the Downtown area. The City of Stockton continues to be recognized for its ability to use the diverse talents and skills of its citizens to identify, confront, and creatively solve current urban issues.

Redevelopment in Downtown

It's been an exciting year for the City of Stockton's Redevelopment Agency ("Agency"). Progress continues to be made toward Downtown revitalization as the City commenced construction on the City Centre 16-Screen Cineplex and Council of Governments Office Building. Renovation activities continued on the historic Bob Hope Fox California Theatre and Hotel Stockton.

In an effort to kick-start Channel District redevelopment activities, design commenced on the Downtown Marina and planning efforts were underway for the Stockton Events Center, waterfront housing and a mixed-use, master planned community. Discussions continued with other government and private entities for various waterfront office development projects.

In addition, the Agency continued its planning efforts to provide affordable single- and multi-family housing in the Fremont Park and Gleason Park neighborhoods.

Finally, the Agency adopted two new redevelopment project areas – Midtown and South Stockton – and merged each of these areas with some of the City's existing redevelopment project areas. Plan adoption efforts continued on the proposed North Stockton and Rough & Ready Island Redevelopment Project Areas.

Neighborhood Services

During fiscal year 2003, Neighborhood Services assisted in training 100 hotel/motel managers on the hotel/motel ordinance and the most common code violations found during annual inspections. Since the local ordinance was revised in 2001, a total of 154 managers have attended the training, which is required annually. Graffiti staff abated approximately 1.3 million square feet of graffiti throughout the City, almost a 15% increase from past years. Neighborhood Services has also seen a 35% increase in cases, due in part to proactive enforcement of specific target areas.

The City's participation in the San Joaquin County Abandoned Vehicle Abatement Service Authority has been very successful. The City accounts for 42% of the population and 55% of the total abatements in the Service Authority. The Service Authority allows for direct cost reimbursement of abatement and administrative processing of the program. In fiscal year 2003, Neighborhood Services abated 4,190 vehicles. Currently two Code Enforcement Officers are assigned abandoned vehicle abatements on a full-time basis

Weber Point Events Center

The year 2003 brought many diverse and popular events to the Weber Point Events Center. Events, free to the public, included: an extensive Earth Day celebration that featured live entertainment, recycling information and environmental product give-aways; a Cinco de Mayo Celebration with live entertainment and cultural awareness; the City's 4th of July celebration with all day live entertainment, food vendors, Stockton Symphony performance and fireworks spectacular; several Sunday outdoor live concerts; and our Festival of Lights tree lighting celebration and boat parade. Weber Point offered many large-scale concert events, such as The Stockton Blues Festival, Jazz on the Waterfront in July, and Mega Jam featuring the Whispers and LTD. Weber Point is open year round and offers many residents of San Joaquin County the opportunity to enjoy special events, our free playground and inter-active water features for kids, or just the chance to relax and take in the cool Delta breeze under one of its many shade trees.

Quality of Life

With a unique blend of neighborhoods, affordable housing, diverse recreational activities, strong educational opportunities, and diverse cultural energy, Stockton combines metropolitan and urban lifestyles without congestion, overcrowding, and the corresponding high cost of living.

CASH MANAGEMENT

Cash temporarily idle during the year is pooled and invested in certificates of deposit, obligations of the U.S. Treasury, the State Treasurer's Local Agency Investment Fund, money market funds, guaranteed investment contracts, and commercial paper. The average effective rate of return on investments was 3.23%. Interest earned from investments of pooled cash was \$11,603; \$894 was credited to the General Fund, and the balance was distributed monthly to other funds based on average daily cash balances.

RISK MANAGEMENT

The City is self-insured for general liability, workers' compensation, health insurance, and unemployment insurance. The City established internal service funds to accumulate resources to meet potential losses. The internal service funds charge each user department a rate equivalent to an insurance premium. Rates and fund balances are actuarially verified each year. The City is self-insured up to a maximum of \$1,000 for each general liability claim, \$1,000 for each worker's compensation claim and \$190 for each medical plan member. Third-party coverage is maintained for claims in excess of the coverage provided by the funds. Various risk control techniques, including employee accident prevention training, have also been implemented. Additional information on the City's risk management activities can be found in Note 11 of the notes to the financial statements and in the internal service fund financial statements of this report.

PENSION AND OTHER POSTEMPLOYMENT BENEFITS

The City of Stockton provides pension benefits for its employees through the California Public Employees' Retirement System (CalPERS). CalPERS is an agent multiple-employer public employee retirement system. The City has no obligation in connection with employee benefits offered through this plan beyond its annual payments, which were equal to the City's required contributions for fiscal year 2003.

The City also provides certain post-retirement health care benefits for retirees and one dependent. As of the end of the current fiscal year, there were 525 retired employees receiving these benefits, which are financed on a pay-as-you-go basis. GAAP does not require the City to report a liability in the financial statements in connection with the obligation to provide these benefits.

Additional information on the City's pension arrangements and post-employment benefits can be found in Notes 10 and 13 in the notes to the financial

OTHER INFORMATION

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the fiscal year ended June 30, 2002. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City has received a Certificate of Achievement for the last fourteen consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA again this year for the Certificate of Achievement.

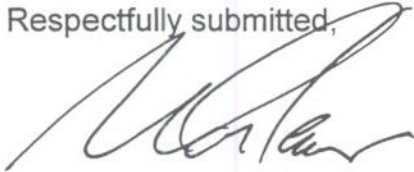
Additionally, the City received its twelfth consecutive Certificate of Outstanding Financial Reporting from the California Society of Municipal Finance Officers (CSMFO) for its CAFR for the fiscal year ended June 30, 2002. We believe our current report continues to conform to the Certificate of Outstanding Financial Reporting program requirements and we are again submitting it to CSMFO.

Acknowledgments

The Accounting Unit and the entire Administrative Services Department take great pride in the preparation of this report. The professional expertise and commitment of the entire Accounting Staff under the direction of Janet Salvetti, Finance Officer, Cathy Lucas, Accounting Manager, and Lynne Farrar, Supervising Accountant, continue to make this presentation possible. The Reprographics Section, under the supervision of Fred Dimas, Reprographics Supervisor, provides invaluable assistance in the printing and physical production of the CAFR.

I would also like to thank the Mayor, and the members of the City Council, for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



MARK LEWIS, ESQ.
CITY MANAGER



JOHN HINSON
ADMINISTRATIVE SERVICES OFFICER

**Certificate of
Achievement for
Excellence in Financial
Reporting**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Stockton, California for its comprehensive annual financial report for the fiscal year ended June 30, 2002. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local governments' financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Stockton has received a Certificate of Achievement for the last thirteen consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Stockton,
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2002

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

California Society of Municipal Finance Officers

Certificate of Award

Outstanding Financial Reporting 2001-2002

Presented to the

City of Stockton

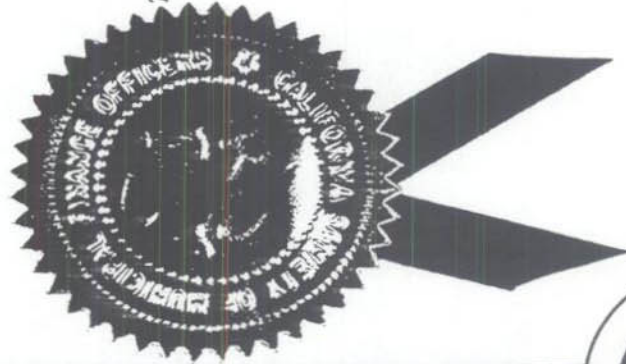
This certificate is issued in recognition of meeting professional standards and criteria in reporting
which reflect a high level of quality in the annual financial statements
and in the underlying accounting system from which the reports were prepared.

February 24, 2003

Bret M. Chumley

Chair, Professional & Technical Standards Committee

Dedicated to Excellence in Municipal Financial Management



CITY OF STOCKTON CITY COUNCIL



GARY A. PODESTO
MAYOR



GLORIA C. NOMURA
VICE MAYOR
District 6



STEVE J. BESTOLARIDES
COUNCILMEMBER
District 1



RICHARD F. NICKERSON, MD
COUNCILMEMBER
District 2



LESLIE BARANCO MARTIN
COUNCILMEMBER
District 3



LARRY RUHSTALLER
COUNCILMEMBER
District 4



GARY GIOVANETTI
COUNCILMEMBER
District 5

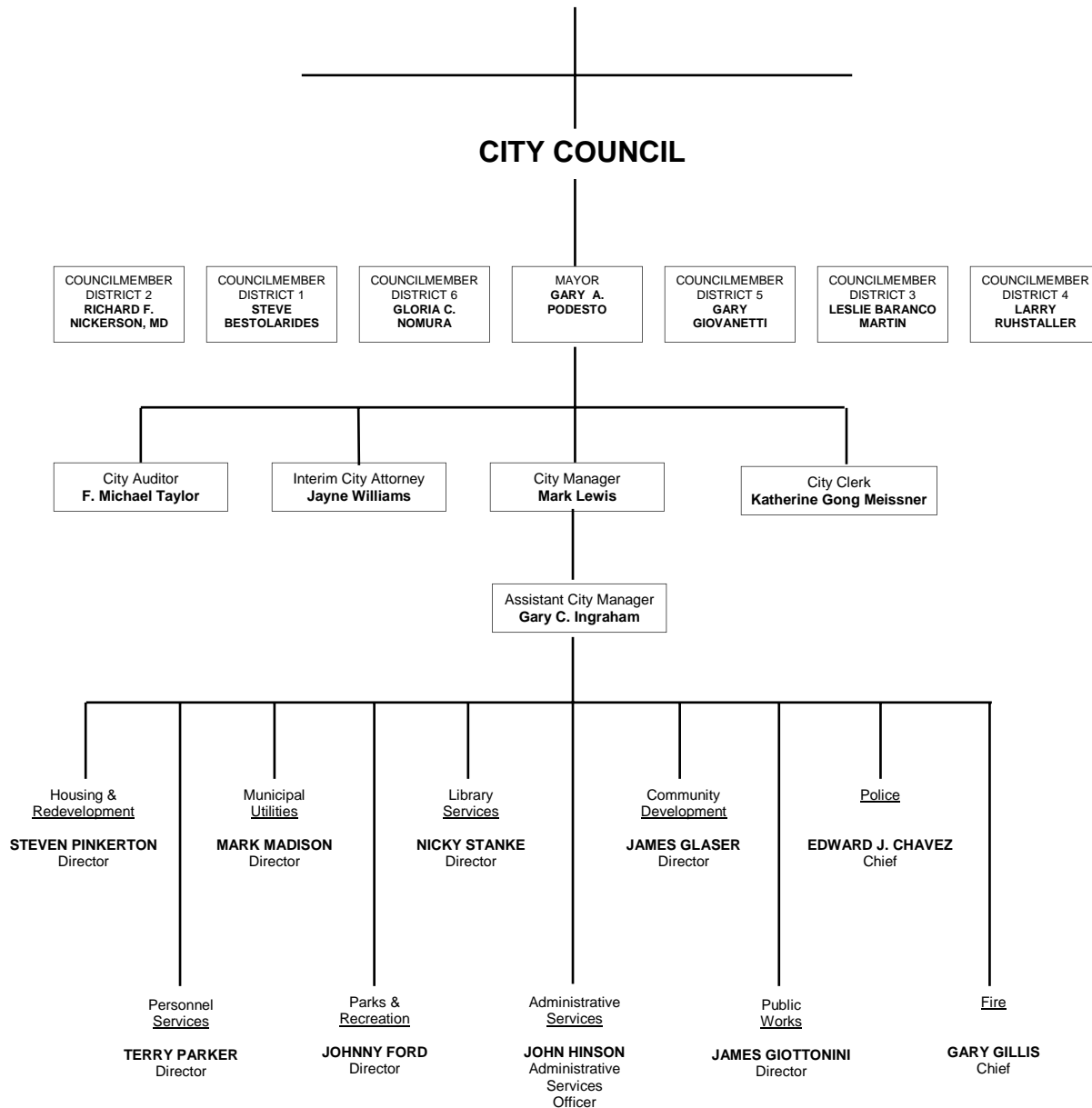


Stockton



**CITY OF STOCKTON
ORGANIZATION CHART / LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2003**

CITIZENS OF STOCKTON



FINANCIAL SECTION

FINANCIAL SECTION

The Financial Section is comprised of the Independent Auditors' Report, Management's Discussion and Analysis, Basic Financial Statements, including the notes, Required Supplementary Information, and Supplementary Information which includes Combining and Individual Fund Statements and Schedules.



2497 W. Shaw Avenue
Suite 107
Fresno, CA 93711-3304

559.229.2261
559.229.2271 FAX
www.maciasgini.com

To the City Council
City of Stockton, California

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Stockton, California (the City), as of and for the fiscal year ended June 30, 2003, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City management. Our responsibility is to express opinions on these financial statements based on our audit

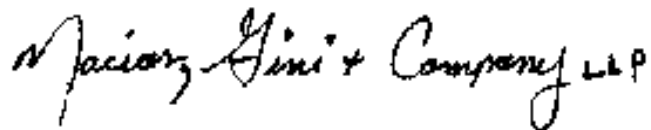
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2003 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis, schedules of defined benefit pension plans funded status and schedule of revenues, expenditures and changes in fund balance – budget and actual – on a budgetary basis – General Fund, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in black ink that reads "Macioro Gini & Company LLP". The signature is written in a cursive, flowing style.

Certified Public Accountants

Fresno, California
November 5, 2003

MANAGEMENT'S DISCUSSION AND ANALYSIS

This page intentionally blank.

Management's Discussion and Analysis

The following is presented as discussion and analysis of the financial performance of the City of Stockton (City) for the fiscal year ended June 30, 2003. Please consider the information presented here in conjunction with additional information furnished in the Letter of Transmittal, which can be found at the beginning of the Comprehensive Annual Financial Report. All dollar amounts are expressed in thousands unless otherwise indicated.

FINANCIAL HIGHLIGHTS

- The assets of the City of Stockton exceeded its liabilities at the close of the 2003 fiscal year by \$793,441 (net assets). Of this amount, \$230,762 (unrestricted net assets) may be used to meet ongoing obligations to citizens and creditors, \$100,068 is restricted for specific purposes (restricted net assets), and \$462,613 is invested in capital assets, net of related debt.
- The City's total net assets increased by \$95,061.
- The City's long-term liabilities related to governmental funds increased by \$23,385 (9%) at fiscal year end. The key factors in this increase were the issuance of \$8,045 of 1915 Act Special Assessment Bonds, \$13,300 of Certificates of Participation for redevelopment housing projects, and an increase of \$14,127 in the estimate of workers' compensation self-insurance claims and judgments.
- As of June 30, 2003, the City's governmental funds (General Fund, special revenue funds, debt service funds, capital projects funds, and the Permanent Fund) reported combined ending fund balances of \$241,188. \$5,867 is unreserved fund balance or 2% of the total fund balance.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to the financial statements. In addition to the basic financial statements, this report includes other supplementary information.

Government-wide Financial Statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The government-wide financial statements include the statement of net assets and the statement of activities. Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include public safety, public works, library, parks and recreation, and general government services. The business-type activities of the City include water utility, sanitary wastewater utility, stormwater utility, solid waste operations, golf courses, and the parking district.

The government-wide financial statements include the governmental activities of the Redevelopment Agency and the Stockton Public Financing Authority. Although legally separate from the City, these component units are blended with the primary government because of their governance or financial relationships to the City.

The **Statement of Net Assets** presents information on all City assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets and liabilities may serve as a useful indicator of whether or not the financial position of the City is improving or deteriorating.

The **Statement of Activities** presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). The government-wide financial statements can be found on pages 13-15 of this report.

Fund Financial Statements are designed to report information about groupings of related accounts, which are used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into the following three categories: **Governmental Funds, Proprietary Funds, and Fiduciary Funds.**

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, governmental funds financial statements focus on how cash and other financial assets can readily be converted to available resources, as well as the balances left at year end that are available for spending. Such information may be useful in determining what financial resources are available in the near future to finance the City's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison.

The City maintains several individual governmental funds organized according to their type (special revenue, debt service, capital projects, and permanent funds). Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Public Facilities Impact Fees Fund, Capital Improvement Fund, and Redevelopment Agency Fund which are considered to be major funds. Data from the remaining nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The basic governmental funds financial statements can be found on pages 20-29 of this report.

Proprietary Funds. Proprietary funds are generally used to account for activities for which the City charges a fee to either its external or internal customers. Proprietary funds provide the same type of information as shown in the government-wide financial statements, only in more detail. The City maintains the following two types of proprietary funds:

- **Enterprise Funds** are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the operations of the Water Utility, Sanitary Wastewater Utility, and Stormwater Utility, which are considered major funds. Data for the remaining nonmajor enterprise funds are combined into a single, aggregated presentation.
- **Internal Service Funds** are used to report activities that provide goods and services for certain City programs and activities. The City uses internal service funds to account for its fleet of vehicles, its information technology systems, radio and other equipment, and the City's self insurance programs. Because these services predominately benefit governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report. The basic proprietary fund financial statements can be found on pages 30-37 of this report.

Fiduciary Fund. The fiduciary fund is used to account for resources held for the benefit of parties outside the government. The fiduciary fund is not reflected in the government-wide financial statements because the resources of the fund are not available to support the City's own programs. As the City's only fiduciary fund, the Agency Fund is custodial in nature and, therefore, the accounting used does not involve the measurement of the results of operations. The basic fiduciary fund financial statement can be found on page 38 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 39-76 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information. This information provides a budgetary comparison schedule for the City's General Fund, as well as information about the City's participation in the California Public Employees' Retirement System (CalPERS) defined benefit pension plan. Required supplementary information can be found on pages 77-81 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds, and internal service funds are presented immediately following the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

This is the second year the City has presented its financial statements under the new reporting model required by the Governmental Accounting Standards Board Statement No. 34 (GASB 34), Basic Financial Statements – and Management’s Discussion and Analysis (MD&A) – for State and Local Governments. Because this reporting model changed significantly both the recording and presentation of financial data, the City’s CAFR for fiscal year 2002 did not provide comparative information in its MD&A. This year marks the first time that two years of financial information is available in the GASB 34 format.

As noted earlier, net assets may serve as a useful indicator of a government’s financial position. For the City, assets exceeded liabilities by \$793,441 at the close of the current fiscal year.

The largest portion of the City’s net assets (58%) reflects its investment of \$462,613 in capital assets (e.g., land and construction in progress, buildings and improvements, infrastructure, and machinery and equipment), less any related outstanding debt used to acquire these assets. The City uses these capital assets to provide services to citizens; consequently, these are not available for future spending. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be liquidated for these liabilities.

City of Stockton’s Net Assets

	Governmental Activities		Business-type Activities		Total	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Assets:						
Current and other assets	\$ 295,373	\$ 276,029	\$ 137,730	\$ 129,152	\$ 433,103	\$ 405,181
Capital assets	425,526	367,215	375,115	347,822	800,641	715,037
Total assets	720,899	643,244	512,845	476,974	1,233,744	1,120,218
Liabilities:						
Long-term liabilities outstanding	283,449	260,064	127,208	129,405	410,657	389,469
Other liabilities	23,171	26,297	6,475	6,072	29,646	32,369
Total liabilities	306,620	286,361	133,683	135,477	440,303	421,838
Net assets:						
Invested in capital assets, net of related debt	211,033	217,640	251,580	221,398	462,613	439,038
Restricted	86,025	105,846	14,041	17,204	100,066	123,050
Unrestricted	117,221	33,397	113,541	102,895	230,762	136,292
Total net assets	\$ 414,279	\$ 356,883	\$ 379,162	\$ 341,497	\$ 793,441	\$ 698,380

An additional portion of the City’s net assets, \$100,068 (13%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$230,762 (29%), may be used to meet the City’s ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets for the government as a whole. This is also the case in both the governmental activities as well as the business-type activities.

City of Stockton's Change in Net Assets

	Governmental Activities		Business-type Activities		Total	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Revenues						
Program revenues:						
Charges for service	\$ 67,549	\$ 43,488	\$ 56,827	\$ 53,976	\$ 124,376	\$ 97,464
Operating grants and contributions	8,741	8,950	-	-	8,741	8,950
Capital grants and contributions	48,914	27,654	37,765	15,824	86,679	43,478
General revenues:						
Property taxes	23,449	20,742	-	-	23,449	20,742
Utility taxes	32,157	31,462	-	-	32,157	31,462
Sales and use taxes	36,628	35,812	-	-	36,628	35,812
Other taxes	35,378	33,226	596	580	35,974	33,806
Grants and contributions not restricted to specific programs	16,693	15,454	1,909	6,974	18,602	22,428
Investment earnings	5,310	7,944	4,052	5,864	9,362	13,808
Gain on sale of capital assets	449	99	-	-	449	99
Other	2,896	4,047	-	-	2,896	4,047
Total revenues	278,164	228,878	101,149	83,218	379,313	312,096
Expenses						
General government	15,454	16,844	-	-	15,454	16,844
Public safety	126,815	106,062	-	-	126,815	106,062
Public works	46,031	37,260	-	-	46,031	37,260
Library	11,594	11,475	-	-	11,594	11,475
Parks and recreation	15,397	16,203	-	-	15,397	16,203
Interest and fiscal charges	11,954	11,186	-	-	11,954	11,186
Water utility	-	-	14,672	13,742	14,672	13,742
Sanitary wastewater utility	-	-	29,427	25,743	29,427	25,743
Stormwater utility	-	-	5,657	4,612	5,657	4,612
Other	-	-	7,251	6,876	7,251	6,876
Total expenses	227,245	199,030	57,007	50,973	284,252	250,003
Increase in net assets before transfers	50,919	29,848	44,142	32,245	95,061	62,093
Transfers	6,477	5,627	(6,477)	(5,627)	-	-
Increase in net assets	57,396	35,475	37,665	26,618	95,061	62,093
Net assets, beginning of year, as restated	356,883	321,408	341,497	314,879	698,380	636,287
Net assets, end of year	\$ 414,279	\$ 356,883	\$ 379,162	\$ 341,497	\$ 793,441	\$ 698,380

Governmental Activities. Governmental activities increased the City's net assets by \$57,396 thereby accounting for 60% of the total growth in net assets of the City. The following key factors in this increase reflect the recent boom in the local housing market, which resulted in more than a 50% increase in new residential building permits issued during fiscal year 2003:

- Contributions of capital assets from developers: \$18,159;
- Public facilities fees: \$21,041;
- Building permits: \$11,013; plan check fees \$6,982;
- Increase in property tax revenues: \$2,707 (13%); and business license taxes: \$1,188 (17%).

Business-type Activities. Business-type activities increased the City's net assets by \$37,665 or approximately 40% of the total growth in the net assets of the City. The following key factors of this increase also reflect the increased building activity mentioned above:

- Contributions of capital assets from developers:
Water Utility \$5,729;
Sanitary Wastewater Utility \$7,914;
Stormwater Utility \$4,332;
- Connection fees:
Water Utility \$1,470;
Sanitary Wastewater Utility \$18,320.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of resources that are available for spending. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Types of governmental funds reported by the City include the General Fund, special revenue funds, debt service funds, capital projects funds, and the Permanent Fund.

As of June 30, 2003, the City's governmental funds reported combined ending fund balances of \$241,188, an increase of \$16,986 in comparison with the prior fiscal year.

Revenues for governmental functions overall totaled \$260,237 in fiscal year 2003, which represents an increase of \$29,011 in comparison with the prior fiscal year. Expenditures for governmental functions, totaling \$269,745, increased by \$32,673 from the prior fiscal year. In the fiscal year ended June 30, 2003, expenditures for governmental functions exceeded revenues by \$9,508, or approximately 4%.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unreserved fund balance of the General Fund was \$11,765 and has been designated as follows: \$1,166 for termination pay, \$2,470 for infrastructure, and \$8,129 for economic uncertainties. As a measure of the General Fund's liquidity, it may be useful to compare the unreserved fund balance designated for economic uncertainties to total fund expenditures. Unreserved fund balance designated for economic uncertainties represents approximately 6% of total General Fund expenditures of \$134,524. The total fund balance for the General Fund is \$18,020, which consists of the designated unreserved fund balances of \$11,765, as mentioned above, and reserved fund balance in the amount of \$6,255.

General Fund revenues exceeded expenditures by \$8,708 and fund balance increased by \$2,951, even though Recreation Services and Development Services were moved from the General Fund to special revenue funds. Fund balances as of June 30, 2003 in these two new funds were \$59 and \$2,819 respectively.

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

At the end of the fiscal year, the unrestricted net assets for the Water Utility were \$24,452, the Sanitary Wastewater Utility \$81,664, and the Stormwater Utility \$8,231. The Solid Waste, Golf Courses, and Central Parking District are combined for financial reporting purposes and together had unrestricted net assets of \$343. The internal service funds had a deficit in unrestricted net assets of \$21,436.

The total growth in net assets for the enterprise funds was \$37,665. Factors concerning the finances of these funds have been addressed previously in the discussion of the City's business-type activities.

The internal service funds had a decrease in net assets of \$15,313. This was primarily due to the decrease in net assets of \$15,889 in the Workers' Compensation Insurance Fund and \$1,548 in the Health Benefits Insurance Fund. Both funds experienced increased expenses for actual and estimated claims and judgments.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget resulted in an increase in appropriations of \$1,853 and can be briefly summarized as follows:

- The majority of the increase can be attributed to increases in appropriations relating to public safety of \$1,122 and general government activities of \$436. Of these increases \$453 was budgeted from normal operating revenues, and the balance was budgeted from existing fund balances.

During the year, actual revenues exceeded budgetary estimates by \$4,868. The majority of the revenue that exceeded budgetary amounts is an additional \$1,691 in property taxes, \$1,466 in other taxes (including business licenses), \$1,421 in refunds & reimbursements (including workers' compensation and federal reimbursements), and \$3,188 in miscellaneous (including indirect cost reimbursements).

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2003 amounts to \$800,641. This investment in capital assets includes land and easements, buildings and improvements, machinery and equipment, park facilities, roads, street, and bridges. The total increase in the City's capital assets for the current fiscal year was 12% (a 16% increase for governmental activities and an 8% increase for business-type activities) as shown in the table below.

Changes in Capital Assets, Net of Depreciation

	Governmental Activities		Business-type Activities		Total	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Land	\$ 27,142	\$ 22,243	\$ 7,248	\$ 7,289	\$ 34,390	\$ 29,532
Buildings & Improvements	15,871	14,472	358,218	240,081	374,089	254,553
Machinery & Equipment	12,345	12,560	3,345	2,527	15,690	15,087
Infrastructure	186,111	153,696	-	-	186,111	153,696
Construction in Progress	184,057	164,244	6,304	97,925	190,361	262,169
Total	<u>\$ 425,526</u>	<u>\$ 367,215</u>	<u>\$ 375,115</u>	<u>\$ 347,822</u>	<u>\$ 800,641</u>	<u>\$ 715,037</u>

Additional information on the City's capital assets can be found in Note 5 on pages 55-56 of this report.

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$334,873. Of this amount, \$117,341 is revenue bonds and certificates of participation backed by the City's water and wastewater utilities and \$6,039 is Mello-Roos bonds of the Central Parking District. The remainder includes \$102,671 of revenue bonds, \$52,254 of Mello-Roos bonds, and \$28,906 of special assessment bonds for various Community Facilities Districts (CFD) and Local Improvement Districts. In addition, there are Certificates of Participation with balances totaling \$27,662 for the City's Essential Services Building / Parking Structure and redevelopment housing projects.

During fiscal year 2003, the City's net bonded indebtedness increased by \$9,456. Key factors were the issuance of two new 1915 Act Special Assessment Bonds related to two different developments within the City, \$3,946 for Morada North and \$3,903 for Waterford Estates; Certificates of Participation for \$1,139 and \$12,063 to finance redevelopment housing projects; \$6,169 of Mello-Roos special tax bonds to refund an existing Mello-Roos bond; and \$10,317 of revenue bonds to refund existing Special Assessment Bonds. In addition, the business-type activities issued \$13,921 of refunding Certificates of Participation to refund the 1993 Wastewater Certificates. These bond issuances totaling \$51,458 are offset by \$42,002 of bond calls and principal payments made during the fiscal year. Additional information on the City's long-term debt can be found in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The unemployment rate for the City as of June 2003 was 11.7%. This is a slight increase from the June 2002 rate of 11.0%. The local unemployment rate is 3.9% higher than the State unemployment rate of 6.8%; however, the difference between the local and state rates has remained constant during the fiscal year.
- The current year has been a year of economic uncertainty. The State budget has an estimated accumulated deficit of \$28 to \$38 billion. The State often resolves its budget crisis by taking local revenue. During 2003, the City filed \$5,260 in State mandated costs reimbursement (SB-90) claims. All claims are reported as deferred revenue in the General Fund because the State has not appropriated funds for this reimbursement.

The City's largest General Fund revenue sources are sales tax, utility user's tax, property tax and the motor vehicle license fee. Of these, the proportion the City receives from each source is determined by the State, with the exception of the utility user's tax. The City Council has committed to gradually reduce the utility user's tax rate by ¼% per year for eight years, beginning in July 2004.

The VLF was reduced by the State on June 19, 2003, and the full VLF was reinstated effective October 1, 2003, leaving the City with approximately a third of normal VLF revenue for about three months. The three-month shortfall for the City is approximately \$2.6 million. There is sufficient fund balance to cover the estimated three months shortfall. The new Governor rescinded the VLF reinstatement retroactive to October 1, 2003 after he took office in November. The City could potentially lose another \$7 million in VLF revenue. The City is drafting a budget reduction plan, should it be necessary. However, no reduction plan has been brought before the City Council at this time. On December 18, 2003 the Governor announced he would make the full VLF payment and backfill to cities and counties, using emergency provision.

- The first retail "Power Center" is scheduled to be in operation in 2004 and is expected to improve sales tax revenue.
- The fiscal year 2004 budget and the Fee Schedule contain a number of increases in fees for services provided to the public, including cost covering fees for permits and inspections, funeral escort services, animal pound services, etc. In addition, all fees contain an automatic cost of living increase.

- In May 2003 *Forbes* ranked Stockton 14th in the nation in “Job Growth.” *California CEO* magazine ranked Stockton 7th as one of the “Best Cities for Business” out of over 400 California cities (February 2003).

REQUESTS FOR INFORMATION

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the City’s finances and to demonstrate the City’s accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Administrative Services Department of the City of Stockton at City Hall, 425 North El Dorado Street, Stockton, CA 95202.

BASIC FINANCIAL STATEMENTS

BASIC FINANCIAL STATEMENTS

The government-wide financial statements provide a broad overview of the City's financial position and operating results. Information is grouped by governmental activities or business-type activities.

The fund financial statements report information about the City's governmental funds, proprietary funds, and the fiduciary fund.

The notes have an integral role in disclosing information essential to the fair presentation of the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

This page intentionally blank.

CITY OF STOCKTON

STATEMENT OF NET ASSETS

JUNE 30, 2003

(Dollar amounts in thousands)

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 219,293	\$ 115,991	\$ 335,284
Restricted assets - cash and investments	4,621	13,919	18,540
Interest receivable	869	919	1,788
Taxes receivable	553	-	553
Accounts receivable, net	11,652	5,329	16,981
Internal balances	1,193	(1,193)	-
Due from other governments	16,451	-	16,451
Due from other agencies	392	-	392
Inventory of supplies	230	1,147	1,377
Deposits	38	-	38
Advances to property owners	38,526	-	38,526
Property held for resale	108	-	108
Loans receivable	-	12	12
Deferred charges	1,461	1,606	3,067
Capital assets, net:			
Nondepreciable	211,199	13,552	224,751
Depreciable, net	214,327	361,563	575,890
Total assets	720,913	512,845	1,233,758
LIABILITIES			
Accounts payable and accrued expenses	9,651	3,068	12,719
Accrued payroll and benefits	3,614	-	3,614
Accrued interest	4,095	2,169	6,264
Due to other governments	556	16	572
Due to other agencies	179	-	179
Deposits and other liabilities	164	1,222	1,386
Deferred revenue	4,912	-	4,912
Long-term liabilities:			
Due within one year	27,641	8,937	36,578
Due in more than one year	255,808	118,271	374,079
Total liabilities	306,620	133,683	440,303
NET ASSETS			
Invested in capital assets, net of related debt	211,033	251,580	462,613
Restricted for:			
Capital projects	49,522	-	49,522
Debt service	35,120	14,041	49,161
Other purposes	1,383	-	1,383
Unrestricted	117,221	113,541	230,762
Total net assets	\$ 414,279	\$ 379,162	\$ 793,441

The notes to the financial statements are an integral part of this statement.

CITY OF STOCKTON

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2003 (Dollar amounts in thousands)

		Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
FUNCTIONS/PROGRAMS		Expenses		
PRIMARY GOVERNMENT:				
Governmental activities:				
General government	\$ 15,454	\$ 9,928	\$ 248	\$ 195
Public safety	126,815	46,677	2,784	-
Public works	46,031	8,693	147	47,263
Library	11,594	515	4,346	-
Parks and recreation	15,397	1,736	1,216	1,456
Interest and fiscal charges	11,954	-	-	-
Total governmental activities	227,245	67,549	8,741	48,914
Business-type activities:				
Water utility	14,672	15,576	-	7,199
Sanitary wastewater utility	29,427	29,432	-	26,234
Stormwater utility	5,657	4,391	-	4,332
Other	7,251	7,428	-	-
Total business-type activities	57,007	56,827	-	37,765
Total	\$ 284,252	\$ 124,376	\$ 8,741	\$ 86,679

General revenues:

Taxes:

Property

Utility

Sales and use

Other

Grants and contributions not
restricted to specific programs

Investment earnings

Miscellaneous

Gain on sale of capital assets

Transfers

Total general revenues and transfers

Change in net assets

Net assets, beginning of year, as restated

Net assets, end of year

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
\$ (5,083)		\$ (5,083)
(77,354)		(77,354)
10,072		10,072
(6,733)		(6,733)
(10,989)		(10,989)
<u>(11,954)</u>		<u>(11,954)</u>
 <u>(102,041)</u>		 <u>(102,041)</u>
	\$ 8,103	8,103
	26,239	26,239
	3,066	3,066
	<u>177</u>	<u>177</u>
	 <u>37,585</u>	 <u>37,585</u>
 <u>(102,041)</u>	 <u>37,585</u>	 <u>(64,456)</u>
 23,449	-	23,449
32,157	-	32,157
36,628	-	36,628
35,378	596	35,974
 16,693	1,909	18,602
5,310	4,052	9,362
2,896	-	2,896
449	-	449
<u>6,477</u>	<u>(6,477)</u>	<u>-</u>
 <u>159,437</u>	 <u>80</u>	 <u>159,517</u>
 57,396	37,665	95,061
 <u>356,883</u>	 <u>341,497</u>	 <u>698,380</u>
 <u>\$ 414,279</u>	 <u>\$ 379,162</u>	 <u>\$ 793,441</u>

This page intentionally blank.

**FUND
FINANCIAL
STATEMENTS**

This page intentionally blank.

FUND FINANCIAL STATEMENTS

Governmental Fund Types

Governmental funds consist of the General Fund, special revenue funds, debt service funds and capital projects funds.

Major Governmental Funds include:

- **General Fund**
The fund used to account for resources that are not required legally or by sound financial management to be accounted for in another fund.
- **Public Facilities Impact Fees**
To account for the collection of and expenditure of fees imposed as a condition of new development within the City. Impact fees have been established for each of the following types of public facilities:
 - Traffic signals
 - Street improvements
 - Community recreation centers
 - City office space
 - Fire stations
 - Libraries
 - Police stations
 - Parkland, street tree & street signs
 - Street light in-lieu
 - Air quality mitigation
 - Habitat & open space conservation
 - Infrastructure Financing District 92-1 - administration
 - Public facilities fees - administration
- **Capital Improvement**
To account for the acquisition, construction and improvement of capital facilities financed by grants and operating transfers from other City funds.
- **Redevelopment Agency**
To account for the acquisition, relocation, demolition, and sale of land for those portions of the City earmarked for redevelopment. Projects are financed from bond proceeds, loans from other city funds, and property tax increment revenue.

This page intentionally blank.

Proprietary Fund Types

Proprietary funds consist of the enterprise funds and the internal service funds.

Major enterprise funds include:

- **Water Utility**
To account for activities associated with the acquisition or construction of water facilities, production, distribution and transmission of potable water to users.
- **Sanitary Wastewater Utility**
To account for activities associated with the acquisition or construction, and operation and maintenance of wastewater facilities for drainage, treatment, and disposal of sanitary wastewater.
- **Stormwater Utility**
To account for activities associated with the acquisition or construction, and operation and maintenance of stormwater facilities for drainage and disposal of stormwater wastewater.

Fiduciary Fund Type

The only fiduciary fund is the:

- **Agency fund**
To account for assets held in an agency capacity for parties outside the City. The resources of this fund cannot be used to support the City's own programs.

CITY OF STOCKTON

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2003

(Dollar amounts in thousands)

	General	Public Facilities Impact Fees	Capital Improvement
ASSETS			
Cash and investments	\$ 8,035	\$ 55,391	\$ 35,698
Cash and investments with fiscal agents	1,074	-	179
Restricted assets - cash and investments	-	-	-
Receivables:			
Interest	204	313	99
Taxes and special assessments	41	-	-
Accounts and other receivables	12,641	1,134	14
Allowance for uncollectibles	(3,478)	-	-
Due from other funds	697	-	-
Due from other governments	8,660	9	1,981
Allowance for uncollectibles	(14)	-	-
Due from other agencies	392	-	-
Inventory of supplies	230	-	-
Deposits	-	-	-
Advances to other funds	3,039	43	19,287
Advances to property owners	-	406	-
Property held for resale	-	-	-
Total assets	<u>\$ 31,521</u>	<u>\$ 57,296</u>	<u>\$ 57,258</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts payable	\$ 1,917	\$ 2,253	\$ 1,557
Accrued payroll and benefits	3,614	-	-
Due to other funds	-	-	-
Due to other governments	-	-	30
Due to other agencies	179	-	-
Deposits and other liabilities	31	-	-
Deferred revenue	7,760	1,027	1,722
Advances from other funds	-	6,719	-
Total liabilities	<u>13,501</u>	<u>9,999</u>	<u>3,309</u>
FUND BALANCES (DEFICIT):			
Reserved for:			
Encumbrances	977	2,400	3,665
Advances	3,039	449	19,287
Debt service	-	-	-
Capital projects	-	44,171	29,672
Loan commitment	324	-	1,193
Low- and moderate-income housing	-	-	-
Endowments	-	-	-
Other items	1,915	277	132
Unreserved, reported in:			
General Fund:			
Designated for termination pay	1,166	-	-
Designated for infrastructure	2,470	-	-
Designated for economic uncertainties	8,129	-	-
Special revenue funds:			
Designated for termination pay	-	-	-
Undesignated	-	-	-
Debt service funds	-	-	-
Capital projects funds	-	-	-
Permanent fund	-	-	-
Total fund balances (deficit)	<u>18,020</u>	<u>47,297</u>	<u>53,949</u>
Total liabilities and fund balances (deficit)	<u>\$ 31,521</u>	<u>\$ 57,296</u>	<u>\$ 57,258</u>

The notes to the financial statements are an integral part of this statement.

Redevelopment Agency	Other Governmental	Total Governmental
\$ 3,059	\$ 58,361	\$ 160,544
-	31,658	32,911
-	4,621	4,621
5	248	869
-	512	553
34	1,183	15,006
-	-	(3,478)
-	-	697
139	5,662	16,451
-	-	(14)
-	-	392
-	-	230
38	-	38
-	15,500	37,869
-	38,120	38,526
-	108	108
<u>\$ 3,275</u>	<u>\$ 155,973</u>	<u>\$ 305,323</u>

\$ 270	\$ 2,258	\$ 8,255
-	-	3,614
-	480	480
71	455	556
-	-	179
3	130	164
-	3,702	14,211
<u>27,937</u>	<u>2,020</u>	<u>36,676</u>
<u>28,281</u>	<u>9,045</u>	<u>64,135</u>

270	3,536	10,848
-	53,620	76,395
-	35,120	35,120
-	26,719	100,562
-	-	1,517
1,047	496	1,543
-	1,383	1,383
40	5,589	7,953
-	-	1,166
-	-	2,470
-	-	8,129
-	132	132
-	20,083	20,083
-	20	20
(26,363)	-	(26,363)
-	230	230
<u>(25,006)</u>	<u>146,928</u>	<u>241,188</u>
<u>\$ 3,275</u>	<u>\$ 155,973</u>	<u>\$ 305,323</u>

This page intentionally blank.

CITY OF STOCKTON

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS JUNE 30, 2003 (Dollar amounts in thousands)

Amounts reported for governmental activities in the statement of net assets are different because:

Total fund balances - total governmental	\$ 241,188
--	------------

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

Nondepreciable capital assets	211,199
Depreciable capital assets, net	202,365

Internal service funds are used by management to charge the costs of central garage, computer equipment, radio equipment, other equipment, general insurance, workers' compensation insurance, health benefits insurance, and other insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities

(9,474)

Various long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds as follows:

Compensated absences	(17,840)
Bonds payable and other long-term debt	(220,872)
Unamortized bond discounts	1,109
Accrued interest	(4,095)

Other long-term assets are not available to pay for current-period expenditures and, therefore, are:

deferred in the governmental funds, or	9,299
not recorded in the governmental funds.	<u>1,400</u>

Net assets of governmental activities	<u><u>\$ 414,279</u></u>
---------------------------------------	--------------------------

The notes to the financial statements are an integral part of this statement.

CITY OF STOCKTON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2003 (Dollar amounts in thousands)

	General	Public Facilities Impact Fees	Capital Improvement
REVENUES:			
Taxes:			
Property	\$ 21,091	\$ -	\$ -
Utility	32,157	-	-
Sales and use	33,250	-	-
Other	16,716	-	15
Licenses and permits	431	-	-
Federal grants and subsidies	-	-	195
Other governmental	16,831	-	4,792
Charges for services	10,210	21,041	-
Fines and forfeitures	1,461	-	29
Use of money and property	629	314	395
Investment income:			
Interest income	894	1,784	764
Net decrease in fair value of investments	(87)	(122)	(41)
Refunds and reimbursements	2,645	-	91
Miscellaneous	7,004	-	832
	<u>143,232</u>	<u>23,017</u>	<u>7,072</u>
Total revenues			
EXPENDITURES:			
Current:			
General government	12,241	-	-
Public safety	104,145	-	-
Public works	10,582	-	-
Library	-	-	-
Parks and recreation	7,167	-	-
Capital outlay	102	18,740	12,068
Debt service:			
Principal retirement	-	-	-
Cost of issuance	287	-	-
Interest and fiscal charges	-	-	-
	<u>134,524</u>	<u>18,740</u>	<u>12,068</u>
Total expenditures			
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>8,708</u>	<u>4,277</u>	<u>(4,996)</u>

The notes to the financial statements are an integral part of this statement.

Redevelopment Agency	Other Governmental	Total Governmental
\$ 2,358	\$ -	\$ 23,449
-	-	32,157
-	3,378	36,628
-	18,813	35,544
-	11,013	11,444
103	15,300	15,598
-	18,402	40,025
-	11,930	43,181
-	-	1,490
120	553	2,011
39	1,941	5,422
(1)	(116)	(367)
-	2,128	4,864
122	833	8,791
<hr/> 2,741	<hr/> 84,175	<hr/> 260,237
-	4,080	16,321
-	8,523	112,668
-	23,405	33,987
-	10,475	10,475
-	6,163	13,330
8,097	21,383	60,390
-	9,654	9,654
-	696	983
20	11,917	11,937
<hr/> 8,117	<hr/> 96,296	<hr/> 269,745
<hr/> (5,376)	<hr/> (12,121)	<hr/> (9,508)

(Continued)

CITY OF STOCKTON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS (Continued) FOR THE YEAR ENDED JUNE 30, 2003 (Dollar amounts in thousands)

	General	Public Facilities Impact Fees	Capital Improvement
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>8,708</u>	<u>4,277</u>	<u>(4,996)</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	8,374	-	16,132
Transfers out	(27,348)	(151)	(85)
Proceeds of long-term debt	13,300	-	-
Sales of fixed assets	15	-	704
Bond refundings	-	-	-
Discounts on debt issuances	<u>(98)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(5,757)</u>	<u>(151)</u>	<u>16,751</u>
NET CHANGE IN FUND BALANCES	2,951	4,126	11,755
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	<u>15,069</u>	<u>43,171</u>	<u>42,194</u>
FUND BALANCES (DEFICIT), END OF YEAR	<u>\$ 18,020</u>	<u>\$ 47,297</u>	<u>\$ 53,949</u>

The notes to the financial statements are an integral part of this statement.

Redevelopment Agency	Other Governmental	Total Governmental
<u>(5,376)</u>	<u>(12,121)</u>	<u>(9,508)</u>
10,837	36,050	71,393
(6,500)	(31,885)	(65,969)
20	24,790	38,110
-	-	719
-	(17,205)	(17,205)
<u>-</u>	<u>(456)</u>	<u>(554)</u>
<u>4,357</u>	<u>11,294</u>	<u>26,494</u>
(1,019)	(827)	16,986
<u>(23,987)</u>	<u>147,755</u>	<u>224,202</u>
<u>\$ (25,006)</u>	<u>\$ 146,928</u>	<u>\$ 241,188</u>

This page intentionally blank.

CITY OF STOCKTON

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2003 (Dollar amounts in thousands)

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental	\$ 16,986
--	-----------

Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense. Capital outlays and depreciation expense are as follows:

Capitalized capital outlays	46,227
Donated capital assets	18,159
Depreciation expense	(5,647)

Long-term debt (including refunding debt), net of bond discounts, provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of principal (including bond refundings) and costs of issuance are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets, and the costs of issuance increase deferred changes in the statement of net assets. Long-term debt proceeds, bond discounts, repayment of principal, costs of issuance and bond refundings are as follows:

Long-term debt proceeds	(38,110)
Discounts on debt issuances	554
Repayment of principal	9,654
Costs of issuance	983
Bond refundings	17,205

Internal service funds are used by management to charge the costs of certain activities, such as central garage, equipment, and insurance, to individual funds. The net revenue (expense) of internal service funds is reported with governmental activities.	(15,313)
---	----------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.

Deferred revenue	5,647
Gain on sale of capital assets	(80)

Other expenses in the statement of activities that do not use current financial resources are not reported as expenditures in the governmental funds.

Change in compensated absences	1,148
Amortization of bond discounts and costs of issuance	(80)
Change in accrued interest	63

Change in net assets of governmental activities	<u><u>\$ 57,396</u></u>
---	-------------------------

The notes to the financial statements are an integral part of this statement.

CITY OF STOCKTON

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

JUNE 30, 2003

(Dollar amounts in thousands)

	Enterprise		
	Water Utility	Sanitary Wastewater Utility	Stormwater Utility
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 24,986	\$ 81,078	\$ 8,119
Cash and cash equivalents with fiscal agents	-	52	-
Receivables:			
Interest	141	448	46
Accounts and other receivables	1,782	4,297	789
Allowance for uncollectibles	(163)	(1,533)	(235)
Inventory of supplies	-	1,111	-
Total current assets	<u>26,746</u>	<u>85,453</u>	<u>8,719</u>
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	-	-	-
Cash and cash equivalents with fiscal agents	-	13,716	-
Interest receivable	-	272	-
Advances to other funds	-	59	-
Loans receivable	3	9	-
Deferred charges	178	1,390	-
Capital assets, net:			
Nondepreciable	3,981	3,993	389
Depreciable, net	60,609	254,261	36,762
Total noncurrent assets	<u>64,771</u>	<u>273,700</u>	<u>37,151</u>
Total assets	<u>91,517</u>	<u>359,153</u>	<u>45,870</u>
LIABILITIES			
Current liabilities:			
Accounts payable	917	2,011	73
Due to other funds	-	-	-
Due to other governments	16	-	-
Deposits and other liabilities	1,074	43	-
Accrued interest	171	1,848	15
Compensated absences - current	162	609	43
Self-insurance claims and judgments - current	-	-	-
Other long-term debt - current	448	1,280	156
Total current liabilities	<u>2,788</u>	<u>5,791</u>	<u>287</u>
Noncurrent liabilities:			
Advances from other funds	-	-	-
Compensated absences - long-term	151	750	30
Self-insurance claims and judgments - long-term	-	-	-
Advances from other governments	939	-	327
Certificates of participation	-	102,397	-
Bonds payable	13,216	-	-
Total noncurrent liabilities	<u>14,306</u>	<u>103,147</u>	<u>357</u>
Total liabilities	<u>17,094</u>	<u>108,938</u>	<u>644</u>
NET ASSETS (DEFICIT)			
Invested in capital assets, net of related debt	50,926	154,577	36,995
Restricted for debt service	-	13,988	-
Unrestricted (deficit)	23,497	81,650	8,231
Total net assets (deficit)	<u>\$ 74,423</u>	<u>\$ 250,215</u>	<u>\$ 45,226</u>

The notes to the financial statements are an integral part of this statement.

Enterprise		
Other	Total	Internal Service
\$ 1,756	\$ 115,939	\$ 25,838
-	52	-
12	647	-
495	7,363	276
(103)	(2,034)	(152)
36	1,147	-
<u>2,196</u>	<u>123,114</u>	<u>25,962</u>
158	158	-
45	13,761	-
-	272	-
672	731	-
-	12	-
38	1,606	61
5,189	13,552	-
<u>9,931</u>	<u>361,563</u>	<u>11,962</u>
<u>16,033</u>	<u>391,655</u>	<u>12,023</u>
<u>18,229</u>	<u>514,769</u>	<u>37,985</u>
67	3,068	1,396
-	-	217
-	16	-
105	1,222	-
135	2,169	-
201	1,015	346
-	-	10,090
<u>6,038</u>	<u>7,922</u>	<u>-</u>
<u>6,546</u>	<u>15,412</u>	<u>12,049</u>
1,924	1,924	-
461	1,392	444
-	-	34,966
-	1,266	-
-	102,397	-
-	13,216	-
<u>2,385</u>	<u>120,195</u>	<u>35,410</u>
<u>8,931</u>	<u>135,607</u>	<u>47,459</u>
9,082	251,580	11,962
53	14,041	-
<u>163</u>	<u>113,541</u>	<u>(21,436)</u>
<u>\$ 9,298</u>	<u>\$ 379,162</u>	<u>\$ (9,474)</u>

CITY OF STOCKTON

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2003 (Dollar amounts in thousands)

	Enterprise		
	Water Utility	Sanitary Wastewater Utility	Stormwater Utility
OPERATING REVENUES:			
Charges for services	\$ 15,238	\$ 28,936	\$ 4,293
Miscellaneous	337	487	98
Total operating revenues	15,575	29,423	4,391
OPERATING EXPENSES:			
Operation and maintenance	6,160	18,898	2,180
General and administrative	3,225	4,051	2,355
Depreciation and amortization	1,611	5,104	1,128
Purchased water	2,935	-	-
Total operating expenses	13,931	28,053	5,663
OPERATING INCOME (LOSS)	1,644	1,370	(1,272)
NON-OPERATING REVENUES (EXPENSES):			
Taxes	-	-	-
Federal grants and subsidies	-	-	-
Other governmental	-	1,909	-
Investment income:			
Interest income	813	3,157	258
Net decrease in fair value of investments	(56)	(167)	(18)
Gain (loss) from disposal of property	-	-	-
Interest expense and fiscal charges	(741)	(1,374)	6
Other non-operating revenues	1	9	-
Total non-operating revenues (expenses)	17	3,534	246
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	1,661	4,904	(1,026)
Capital contributions	7,199	26,234	4,332
Transfers in	-	-	-
Transfers out	(1,813)	(3,486)	(320)
CHANGE IN NET ASSETS	7,047	27,652	2,986
NET ASSETS, BEGINNING OF YEAR	67,376	222,563	42,240
NET ASSETS (DEFICIT), END OF YEAR	\$ 74,423	\$ 250,215	\$ 45,226

The notes to the financial statements are an integral part of this statement.

Enterprise		
Other	Total	Internal Service
\$ 6,636	\$ 55,103	\$ 63,795
792	1,714	-
<u>7,428</u>	<u>56,817</u>	<u>63,795</u>
6,172	33,410	75,050
-	9,631	4,730
540	8,383	2,733
-	2,935	-
<u>6,712</u>	<u>54,359</u>	<u>82,513</u>
<u>716</u>	<u>2,458</u>	<u>(18,718)</u>
596	596	-
-	-	560
-	1,909	6
69	4,297	274
(4)	(245)	(19)
(66)	(66)	(190)
(473)	(2,582)	-
-	10	1,721
<u>122</u>	<u>3,919</u>	<u>2,352</u>
838	6,377	(16,366)
-	37,765	-
-	-	4,353
<u>(858)</u>	<u>(6,477)</u>	<u>(3,300)</u>
(20)	37,665	(15,313)
<u>9,318</u>	<u>341,497</u>	<u>5,839</u>
<u>\$ 9,298</u>	<u>\$ 379,162</u>	<u>\$ (9,474)</u>

CITY OF STOCKTON

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2003 (Dollar amounts in thousands)

	Enterprise		
	Water Utility	Sanitary Wastewater Utility	Stormwater Utility
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers and users	\$ 15,599	\$ 29,619	\$ 4,291
Receipts from interfund service providers	-	32	96
Payments to suppliers	(8,964)	(15,223)	(3,250)
Payments to employees	(2,421)	(7,709)	(1,198)
Payments for interfund services used	(162)	(677)	(105)
Net cash provided by (used for) operating activities	4,052	6,042	(166)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in	-	-	-
Transfers out	(1,813)	(3,486)	(320)
Advances from other funds	-	-	-
Advances to other funds	-	(59)	-
Advances from other governments	(47)	-	(154)
Other non-operating revenues	1	9	-
Proceeds from taxes	-	-	-
Other governmental	-	1,909	-
Federal grants and subsidies	-	-	-
Net cash provided by (used for) noncapital financing activities	(1,859)	(1,627)	(474)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from sale of capital assets	-	-	70
Proceeds from capital debt	-	14,135	-
Principal paid on capital debt	(11)	(15,970)	-
Issuance discounts	-	(214)	-
Purchases of capital assets	(2,961)	(14,685)	-
Interest paid on capital debt	(661)	(1,057)	1
Capital contributions	1,470	18,320	-
Net cash provided by (used for) capital and related financing activities	(2,163)	529	71
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment earnings	876	3,303	285
Proceeds from sale of investments	-	2,244	-
Net cash provided by investing activities	876	5,547	285
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	906	10,491	(284)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	24,080	70,910	8,403
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 24,986	\$ 81,401	\$ 8,119

The notes to the financial statements are an integral part of this statement.

<u>Enterprise</u>		
Other	Total	Internal Service
\$ 7,302	\$ 56,811	\$ 1,138
-	128	62,733
(2,074)	(29,511)	(41,787)
(3,312)	(14,640)	(24,532)
<u>(1,006)</u>	<u>(1,950)</u>	<u>-</u>
910	10,838	(2,448)
-	-	4,353
(858)	(6,477)	(3,300)
(672)	(672)	217
-	(59)	-
-	(201)	-
-	10	1,721
596	596	-
-	1,909	330
<u>-</u>	<u>-</u>	<u>560</u>
<u>(934)</u>	<u>(4,894)</u>	<u>3,881</u>
736	806	152
-	14,135	-
(210)	(16,191)	-
-	(214)	-
(700)	(18,346)	(2,727)
(301)	(2,018)	-
<u>-</u>	<u>19,790</u>	<u>-</u>
<u>(475)</u>	<u>(2,038)</u>	<u>(2,575)</u>
72	4,536	255
<u>-</u>	<u>2,244</u>	<u>-</u>
72	6,780	255
(427)	10,686	(887)
<u>2,386</u>	<u>105,779</u>	<u>26,725</u>
<u>\$ 1,959</u>	<u>\$ 116,465</u>	<u>\$ 25,838</u>

(Continued)

CITY OF STOCKTON

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (Continued) FOR THE YEAR ENDED JUNE 30, 2003 (Dollar amounts in thousands)

	Enterprise		
	Water Utility	Sanitary Wastewater Utility	Stormwater Utility
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:			
Operating income (loss)	\$ 1,644	\$ 1,370	\$ (1,272)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	1,611	5,104	1,128
Provision for uncollectible accounts	(40)	16	88
Self-insurance	-	-	-
Changes in assets and liabilities:			
Accounts and other receivables	28	213	(92)
Deferred charges	(33)	(108)	-
Inventory of supplies	-	10	-
Loans receivable	37	20	-
Accounts payable	658	(401)	1
Due to other governments	(159)	-	-
Deposits and other liabilities	376	28	-
Compensated absences	(69)	(189)	(19)
Deferred revenue	(1)	(21)	-
Net cash provided by (used for) operating activities	<u>\$ 4,052</u>	<u>\$ 6,042</u>	<u>\$ (166)</u>
NONCASH TRANSACTIONS:			
Net increase in fair value of investments	\$ (56)	\$ (167)	\$ (18)
Unamortized cost of issuance on defeased debt removed	14	17	-
Refunding debt added	-	14,135	-
Cost of issuance on refunding debt added	-	(214)	-
Loss on defeased debt	18	343	-
Donation of capital assets	5,729	7,914	4,332
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS - PROPRIETARY FUNDS:			
Cash and cash equivalents	\$ 24,986	\$ 81,078	\$ 8,119
Cash with cash equivalents fiscal agents	-	52	-
Restricted assets:			
Cash and cash equivalents	-	-	-
Cash and investments with fiscal agents	-	13,716	-
Total cash and investments	24,986	94,846	8,119
Less long term investments reported as:			
Cash and investments with fiscal agents	-	13,445	-
Net cash and cash equivalents	<u>\$ 24,986</u>	<u>\$ 81,401</u>	<u>\$ 8,119</u>
The notes to the financial statements are an integral part of this statement.			

<u>Enterprise</u>		
Other	Total	Internal Service
\$ 716	\$ 2,458	(18,718)
540	8,383	2,733
(13)	51	6
-	-	13,878
(113)	36	70
(64)	(205)	-
(36)	(26)	-
-	57	-
(112)	146	(335)
-	(159)	-
7	411	-
(15)	(292)	(82)
-	(22)	-
<u>\$ 910</u>	<u>\$ 10,838</u>	<u>\$ (2,448)</u>
\$ (4)	\$ (245)	(19)
-	31	-
-	14,135	-
-	(214)	-
-	361	-
	17,975	
\$ 1,756	\$ 115,939	\$ 25,838
-	52	-
158	158	-
<u>45</u>	<u>13,761</u>	<u>-</u>
1,959	129,910	25,838
-	13,445	-
<u>\$ 1,959</u>	<u>\$ 116,465</u>	<u>\$ 25,838</u>

CITY OF STOCKTON

STATEMENT OF FIDUCIARY NET ASSETS - AGENCY FUND

JUNE 30, 2003

(Dollar amounts in thousands)

ASSETS

Cash and cash equivalents	\$ 13,533
Accounts and other receivables	<u>181</u>
Total assets	<u><u>\$ 13,714</u></u>

LIABILITIES

Accounts payable	\$ 101
Due to other governments	3,647
Deposits and other liabilities	<u>9,966</u>
Total liabilities	<u><u>\$ 13,714</u></u>

The notes to the financial statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

This page intentionally blank.

CITY OF STOCKTON

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2003

Note		Page
1	Summary of Significant Accounting Policies	40
2	Cash and Investments	49
3	Interfund Receivables / Payables	52
4	Transfers	53
5	Capital Assets	54
6	Long-Term Debt	55
7	Conduit Debt Obligations	65
8	Nature and Purpose of Reported Reserves and Designations	65
9	Pension Plan	67
10	Risk Management	68
11	Risk Pool	70
12	Post-Retirement Health Care Benefits	71
13	Contingent Liabilities	71
14	Deficit Fund Balance and Unfunded Liabilities	72
15	Operating Leases	73
16	Restatement of Beginning Fund Equity	73
17	Subsequent Events	74
18	Future GASB Pronouncements	75

CITY OF STOCKTON

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2003 (Dollar amounts in thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity – The City of Stockton (City) was incorporated on July 25, 1850 under the general laws of the State of California. The City's original charter was adopted on January 15, 1889. The City operates under a Council-Manager form of government consisting of seven elected council members including the mayor and a council appointed City Manager. The City provides the following services as authorized by its charter: public safety (police, fire, paramedics, and building), sanitation (solid waste disposal, sanitary wastewater, and stormwater utilities), water utility, community development, library, parks and recreation, and general administrative services.

As required by accounting principles generally accepted in the United States of America and Governmental Accounting Standards Board (GASB) Statement 14, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each blended component unit has a June 30th year-end.

The San Joaquin Area Flood Control Agency (SJAFCA) was established by Council resolution in May 1995 and is jointly governed by the City and San Joaquin County. The City retains neither on-going financial interest in nor obligation to SJAFCA.

Blended Component Units – The Redevelopment Agency of the City of Stockton (Agency) was formed to prepare and carry out plans for improvement, rehabilitation and redevelopment of blighted areas within the City. City Council members in separate session serve as the governing board of the Agency, and all accounting and administrative functions are performed by the City. The Agency is reported in the City's fund financial statements as a special revenue fund and capital projects fund, as well as in the City's government-wide financial statements.

The Stockton Public Financing Authority (SPFA) was created in June 1990 and carries out lease financing for the City Sanitary Wastewater Utility, Water Utility, General Fund, Mello-Roos, and Marks-Roos districts. The SPFA governing board is the same as the City Council members. The SPFA is reported in the City's fund financial statements as a debt service fund and capital projects fund, as well as in the City's government-wide financial statements. Consistent with the National Council on Governmental Accounting (NCGA) Statement No. 5 and GASB Statement 14, capital leases between the primary government and blended component units are eliminated. The debt and assets are reported in the primary government. Accordingly, the Sanitary Wastewater Utility and Water Utility enterprise funds report the capital assets and related certificates of participation and bonds issued by the SPFA and leased to these two enterprise funds under capital leases.

CITY OF STOCKTON

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2003 (Dollar amounts in thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial statements for the Agency and SPFA may be obtained at the entities' respective administration office as follows:

Redevelopment Agency of the
City of Stockton
425 North El Dorado Street
Stockton, CA 95202-1997

Stockton Public Financing Authority
City of Stockton
425 North El Dorado Streets
Stockton, CA 95202-1997

Government-wide and Fund Financial Statements – The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Revenues are recognized for utility funds based on billings rendered to customers. The City accrues revenues for services provided but not yet billed, at the end of a fiscal period.

CITY OF STOCKTON

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2003 (Dollar amounts in thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

For this purpose, the government considers intergovernmental revenues, which are primarily grants and subventions, received as reimbursement for specific purposes or projects to be available if they are expected to be received within the upcoming year to repay interfund liabilities incurred as a result of borrowing the cash in order to pay the expenditures. Other major revenues in accordance with GASB Statement No. 22, "Accounting For Taxpayer Assessed Tax Revenues in Governmental Funds" are considered to be available if they are collected within 60 days of the end of the current fiscal period. Revenues considered to be available include sales, transient occupancy, gas, and utility user taxes, franchise fees, interest, and intergovernmental revenues, which are virtually unrestricted as to purpose of expenditure and revocable only for failure to meet prescribed compliance requirements. All other revenue items, such as business licenses and fines and penalties, are considered to be measurable and available only when received by the City.

Property taxes receivable are recorded in the fiscal year for which the tax is levied. Revenue is recognized when measurable and available. Property taxes collected in advance are recorded as deferred revenue and recognized as revenue in the year they become available. The County of San Joaquin levies, bills and collects property taxes for the City of Stockton. Property taxes paid to the City by the County within 60 days after the end of the fiscal year are "available" and are, therefore, recognized as revenue.

Secured and unsecured property taxes are levied based on the assessed value as of January 1, the lien date, of the preceding fiscal year. Secured property tax is levied on October 1 and due in two installments, on November 1 and February 1. Collection dates are December 10 and April 10, which are also the delinquent dates. At that time, delinquent accounts are assessed a penalty of 10 percent. Accounts that remain unpaid on June 30 are charged an additional 1 1/2 percent per month. Unsecured property tax is levied on July 1 and due on July 31, and has a collection date of August 31 which is also the delinquent date. The penalty percentage rates are the same as secured property tax.

CITY OF STOCKTON

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2003 (Dollar amounts in thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred revenue is that for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The City typically records deferred revenue related to uncollected estimated special assessments not yet payable and intergovernmental revenues (primarily grants and subventions) received but not earned.

On July 6, 1988, the City Council adopted (Ordinance No. 56-88C.S.) Stockton Municipal Code Sections 16-175 et seq. creating and establishing the authority for imposing and charging Public Facilities Fees. These funds are to provide for the mitigation of the impact of contemplated future development on existing public facilities and to provide for new public facilities and improvements as needed. On September 12, 1988, the City Council adopted Resolution No. 88-0616 imposing Public Facilities Fees to be paid at the time of issuance of a building permit for development. The revenue is recognized when the building permits are paid. The building division began collecting these fees on November 14, 1988.

The City reports the following major governmental funds:

The **General Fund** is the primary operating fund of the City. It accounts for normal recurring activities traditionally associated with government, which are not required to be accounted for in another fund. These activities are funded primarily by property taxes, sales and use taxes, business and utility taxes, interest and rental income, charges for services, and state grants.

Public Facilities Impact Fees Capital Projects Fund accounts for the collection of and expenditure of fees imposed as a condition of new development within the City. Impact fees have been established for each of the following types of public facilities:

traffic signals, street improvements, community recreation centers, city office space, fire stations, libraries, police stations, parkland and street tree/street signs, street light in-lieu, air quality mitigation, habitat and open space conservation, infrastructure financing district 92-1 administration, and public facilities fees administration.

Capital Improvement Capital Projects Fund accounts for the acquisition, construction and improvement of capital facilities financed by grants and operating transfers from other City funds.

Redevelopment Agency Capital Projects Fund accounts for the acquisition, relocation, demolition, and sale of land for those portions of the City earmarked for redevelopment. Projects are financed from bond proceeds, loans from other city funds, and property tax increment revenue.

CITY OF STOCKTON

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2003 (Dollar amounts in thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City reports the following major enterprise funds:

Water Utility Fund accounts for activities associated with the acquisition or construction of water facilities, production, distribution and transmission of potable water to users.

Sanitary Wastewater Utility Fund accounts for activities associated with the acquisition or construction, and operation and maintenance of wastewater facilities for drainage, treatment, and disposal of sanitary wastewater.

Stormwater Utility Fund accounts for activities associated with the acquisition or construction, and operation and maintenance of stormwater facilities for drainage and disposal of stormwater wastewater.

Additionally, the City reports the following fund types:

Internal Service Funds account for the financing of goods, services, or facilities provided by one City department to other City departments on a cost-reimbursement basis.

Agency Fund accounts for assets held by the City as an agent for individuals, private organizations and/or other governmental units. The Agency Fund is custodial in nature and does not involve measurement of results of operations.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's enterprise functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

CITY OF STOCKTON

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2003 (Dollar amounts in thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources, as they are needed.

Cash and Investments – Except as described below, the City pools idle cash from all funds for the purpose of maximizing interest through investment activities. Pooled investments do not include certain bond proceeds. Investments are carried at fair value with the exception of money market investments and certain nonparticipating guaranteed investment contracts, which are carried at cost. The fair value of investments is based on published market prices and quotations from major investment brokers.

The Local Agency Investment Fund (LAIF) is an external investment pool established under California State statutes. LAIF is not registered with the Securities and Exchange Commission. LAIF falls under the regulatory oversight of the State of California. Based on information obtained from the State of California, the investment in LAIF has been recorded at fair value.

Interest income on pooled investments is allocated on the basis of average daily cash balances in the General Fund, special revenue funds, debt service funds, capital projects funds, Water Utility Fund, Sanitary Wastewater Utility Fund, Stormwater Utility Fund, Solid Waste Fund, Central Parking District Fund, internal service self-insurance funds, and the Agency Fund, as required by law or as directed by the City Council adopted budget. The remainder of interest income is credited to the General Fund as required by California Government Code.

CITY OF STOCKTON

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2003 (Dollar amounts in thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

For purposes of the statement of cash flows, the City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash and cash equivalents. The LAIF and money market investments are determined to be included as cash and cash equivalents. Proceeds from debt and other cash and investments held by fiscal agents by agreement are classified as restricted assets in the proprietary funds. Cash held with fiscal agents is included as cash and cash equivalents. Investments that are held with fiscal agents with a maturity of three months or greater are not included as cash and cash equivalents.

Receivables/Payables – Short-term interfund loan receivables and payables are reported as “due from other funds” and “due to other funds,” respectively.

Long-term interfund loan receivables are reported as “advances to other funds” and are offset equally by fund balance reservations that indicate they do not constitute expendable available resources and, therefore, are not available for appropriation. The corresponding long-term interfund loan payables are reported as “advances from other funds.”

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

“Advances to property owners” represent loans for repairs to low-income owner- and tenant-occupied households throughout the City. These loans are to be repaid over an extended period of time; therefore, the vast majority of the year-end balance will not be repaid within the next year.

Inventory of Supplies – Inventories are physically counted annually and valued at cost, on the weighted average method, which approximates market. Inventories consist of expendable supplies held on a consumption basis, wherein the cost is recorded as an expenditure at the time an item is consumed.

Capital Assets –Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5 for equipment and works of art; \$10 for land, buildings and improvements; \$50 for infrastructure and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

CITY OF STOCKTON

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2003 (Dollar amounts in thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. In accordance with accounting principles generally accepted in the United States of America, the City capitalizes net interest cost of funds borrowed to finance the construction of fixed assets in the proprietary fund types. For the year ended June 30, 2003, capitalized interest costs equaled \$5,200 in connection with the construction in progress.

Property, plant, equipment, and infrastructure of the City is depreciated using the straight line method over the following estimated useful lives:

Building and structures	30 - 50 years
Improvements other than buildings	20 - 30 years
Machinery and equipment	5 - 30 years
Roads and streets infrastructure	50 - 65 years
Curb and gutter infrastructure	65 years
Streetlight and traffic control devices infrastructure	30 years
Transmission and distribution plant (including infrastructure such as water, sanitary wastewater and stormwater mains and laterals)	50 - 100 years

Vacation and Sick Leave Pay – Accrued vacation leave is payable at 100% of accumulated hours upon separation of service. Accrued sick leave is payable at 50% of accumulated hours for all City employees upon separation of service due to death, service or disability retirement based upon terms negotiated with individual bargaining units. Police and Fire department safety and management employees, mid-management, law and unrepresented employees are also eligible for pay-off of 50% of accumulated sick leave upon termination after ten years of service. All bargaining unit employees may utilize their remaining 50% of accrued sick leave hours for additional California Public Employees' Retirement System (PERS) service credit upon retirement. In addition, upon retirement, Fire department safety employees are eligible for pay-off of 100% of accumulated longevity vacation allowance, based on years of service (up to 20 days plus the current year's accrual).

The value of accumulated vacation, sick, and longevity vacation allowance is accrued, as appropriate, for all funds. With respect to obligations of the governmental fund types, the amounts are presented in the government-wide financial statements.

CITY OF STOCKTON

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2003 (Dollar amounts in thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-Term Obligations – In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Capital Contributions – Capital contributions are comprised of cash and assets donated from developers. Connection fees are recorded as revenue in the Water Utility, Sanitary Wastewater Utility, and Stormwater Utility enterprise funds.

Fund Equity – In the fund financial statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Accounting for Escheat Property – The City is in compliance with the GASB Statement 21, *Accounting for Escheat Property*, and accounts for these assets in the ultimate fund (General Fund) when the assets are deemed to be escheat in accordance with California state law.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CITY OF STOCKTON

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2003 (Dollar amounts in thousands)

2. CASH AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds. Each fund's portion of the pool is displayed on the balance sheet (governmental funds) and the statement of net assets (proprietary funds) as "cash and cash equivalents."

Deposits – At June 30, 2003, the recorded amount of the City's deposits was \$14,032; and the bank balance was \$7,652. The bank balance and carrying amount differ due to deposits in transit of \$10,403 and outstanding checks of \$4,035.

The bank balances were entirely insured or collateralized at June 30, 2003. The California Government Code requires financial institutions to secure a city's deposits, in excess of insured amounts, by pledging government securities as collateral. The fair value of pledged securities must equal at least 110% of a city's deposits. California law also allows financial institutions to secure a city's deposits by pledging first trust deed mortgage notes having a value of 150% of a city's total deposits.

The City's deposits are categorized to give an indication of the level of custodial credit risk at year-end:

Category 1 – Insured or collateralized with securities held by the City or its agent in the City's name. The City held \$189 in Category 1 deposits at June 30, 2003.

Category 2 – Collateralized with securities held by the pledging financial institution's trust department or agent in the City's name. The City held \$7,463 Category 2 deposits at June 30, 2003.

Investments – California statutes and the City's investment policy authorize the investment of idle or surplus funds in the following instruments:

- Securities of the U.S. Government, or its agencies
- Small Business Administration loans
- Certificates of deposit
- Negotiable certificates of deposit
- Bankers acceptances
- Commercial paper
- Local Agency Investment Fund (LAIF) demand deposits - State pool
- Repurchase agreements (repos)
- Demand accounts - insured/collateralized
- Money market mutual funds
- Guaranteed investment contracts

CITY OF STOCKTON

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2003 (Dollar amounts in thousands)

2. CASH AND INVESTMENTS (Continued)

The City has entered into nonparticipating guaranteed investment contracts, which bear interest ranging from 4.80% to 6.57%. The investment contracts are collateralized 100% to 104% by investments, which are in compliance with the City's investment policy.

Although the City did not participate in any securities lending transactions or enter into any reverse repurchase agreements during the year, the City does have an investment in LAIF in the amount of \$43,600. The total amount invested by all public agencies in LAIF is \$55,422,506, of which 2.327% is invested in derivative financial products. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by state statute. The value of the pool shares in LAIF, which may be withdrawn, is determined on an amortized cost basis, which is different than the fair value of the City's portion in the pool.

The City's investments are categorized to give an indication of the level of custodial credit risk at year-end:

Category 1 – Insured or registered or securities held by the City or its agent in the City's name.

During the year ended June 30, 2003, the City did not utilize investment types different from those categorized below.

A summary of cash and investments by such categories at June 30, 2003 is as follows:

Investment Type	Category 1	Non Categorized	Fair Value
U.S. Government securities	\$ 223,971	\$ -	\$ 223,971
LAIF	-	43,600	43,600
Money market funds	-	64,439	64,439
Guaranteed investment contracts	-	21,315	21,315
Total investments	<u>\$ 223,971</u>	<u>\$ 129,354</u>	<u>\$ 353,325</u>

CITY OF STOCKTON

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2003 (Dollar amounts in thousands)

2. CASH AND INVESTMENTS (Continued)

Summary of GASB Statement No. 3 disclosure carrying amounts:

Deposits	\$ 14,032
Investments	353,325
Total cash and investments	<u>\$ 367,357</u>
Presented in the government-wide statement of net assets	\$ 353,824
Presented in the statement of fiduciary net assets	13,533
Total cash and investments	<u>\$ 367,357</u>

Restricted Cash and Investments – Certain proceeds of governmental and enterprise funds certificates of participation (COP) and bonds payable are classified as restricted cash and investments on the statement of net assets because their use is limited by applicable indentures or covenants. These covenants provide that these monies, in the absence of specific statutory provisions governing the issuance of bonds, certificates, or leases, may be invested in accordance with the ordinances, resolutions or indentures specifying the types of investments its trustees or fiscal agents may make. These ordinances, resolutions, and indentures are generally more restrictive than the City's general investment policy. In no instance have additional types of investments, not permitted by the City's general investment policy, been authorized. The major part of this restriction is for the construction or acquisition of facilities, but also includes reserves for payment of debt service as required by the bond indentures.

At June 30, 2003, restricted cash and cash equivalents/investments are as follows:

Governmental Activities	
Redevelopment Agency Loan	\$ 3,047
Community Development Loan	1,157
HOME Program	417
	<u>\$ 4,621</u>
Business-Type Activities	
Sanitary Wastewater Utility	\$ 13,716
Central Parking District	203
Total	<u>\$ 13,919</u>

CITY OF STOCKTON

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2003 (Dollar amounts in thousands)

3. INTERFUND RECEIVABLES / PAYABLES

Interfund receivables and payables are as follows at June 30, 2003:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General	Other Governmental	\$ 480
	Internal Service	217
Total		<u>\$ 697</u>

Advances from/to other funds:

Receivable Fund	Payable Fund	Amount
General	Redevelopment Agency	\$ 1,057
	Other Governmental	1,982
Public Facilities Impact Fees	Redevelopment Agency	43
Capital Improvement	Public Facilities Impact Fees	6,719
	Redevelopment Agency	10,606
	Other Governmental	38
	Other Enterprise	1,924
Other Governmental	Redevelopment Agency	15,500
Sanitary Wastewater Utility	Redevelopment Agency	59
Other Enterprise	Redevelopment Agency	672
Total		<u>\$ 38,600</u>

“Due to” and “due from” balances have primarily been recorded when funds overdraw their share of pooled cash or when there are short-term loans between funds.

“Advances to” and “advances from” balances represent loan activity between various funds. The \$1,057 is primarily loans from the General Fund to the Redevelopment Agency for various project areas. The \$1,982 is primarily a loan from the General Fund to the new Emergency Medical Transport fund to help establish the fund. The \$6,719 loan from Capital Improvement to Public Facilities Impact Fees is for architectural and construction costs for Police and Fire Stations. The \$10,606 from Capital Improvement to the Redevelopment Agency represents loans for various project areas. The \$1,924 is for loans from Capital Improvement to the Central Parking District and Golf Courses funds. Finally, the \$15,500 represents loans in the amount of \$4,686 from the Urban Development Action Grant, \$10,250 from the Community Development Block Grant, and \$564 from the Community Development Loan to the Redevelopment Agency to provide funds for various project areas.

CITY OF STOCKTON

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2003 (Dollar amounts in thousands)

4. TRANSFERS

Transfers for the year ended June 30, 2003 are summarized as follows:

Transfers out:	Transfers In					Total
	General	Capital Improvement	Redevelopment Agency	Other Governmental	Internal Service	
General	\$ -	\$ 4,182	\$ 10,500	\$ 12,142	\$ 524	\$ 27,348
Public Facilities Impact Fees	-			151		151
Capital Improvement	85	-				85
Redevelopment Agency				6,500		6,500
Other Governmental	5,577	8,185	337	17,257	529	31,885
Water Utility	477	1,336		-		1,813
Sanitary Wastewater Utility	1,377	2,109		-		3,486
Stormwater Utility		320				320
Other Enterprise	858			-		858
Internal Service					3,300	3,300
Total	<u>\$ 8,374</u>	<u>\$ 16,132</u>	<u>\$ 10,837</u>	<u>\$ 36,050</u>	<u>\$ 4,353</u>	<u>\$ 75,746</u>

During the year various interfund transfers were made to finance expenditures, subsidize operating losses, and service debt. The \$27,348 General Fund transfer out includes primarily transfers of \$4,182 to Capital Improvement for capital improvements for infrastructure reinvestment, and \$10,500 to Redevelopment Agency for redevelopment improvements and \$5,720 to the City / County Library. The transfer to the internal service funds includes transfers in the amount of \$524 to provide for compensated absences.

The General Fund received transfers in of \$5,577 from the Gas Tax Fund primarily for the reimbursement of qualified street repair and maintenance expenditures. In addition, the General Fund received transfers in of \$477 from the Water Utility Fund and \$1,377 from the Sanitary Wastewater Utility fund for the in-lieu tax and \$858 from the Central Parking District for the payment of debt service on the Stewart Eberhardt Building / Parking Structure.

Transfers between various Other Governmental Funds in the amount of \$17,257 are primarily transfers for the purpose of establishing debt service reserves and the principal payment of bond debt.

CITY OF STOCKTON

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2003 (Dollar amounts in thousands)

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2003 was as follows:

	Balance July 1, 2002	Acquisitions	Dispositions	Balance June 30, 2003
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 22,243	\$ 4,974	\$ (75)	\$ 27,142
Construction in progress	164,244	42,846	(23,033)	184,057
Total capital assets, not being depreciated	<u>186,487</u>	<u>47,820</u>	<u>(23,108)</u>	<u>211,199</u>
Capital assets, being depreciated:				
Infrastructure	193,485	36,686	-	230,171
Buildings and improvements	49,224	2,696	-	51,920
Machinery and equipment	35,970	2,942	(3,384)	35,528
Total capital assets, being depreciated	<u>278,679</u>	<u>42,324</u>	<u>(3,384)</u>	<u>317,619</u>
Less accumulated depreciation for:				
Infrastructure	(39,789)	(4,271)	-	(44,060)
Buildings and improvements	(34,752)	(1,297)	-	(36,049)
Machinery and equipment	(23,410)	(2,812)	3,039	(23,183)
Total accumulated depreciation	<u>(97,951)</u>	<u>(8,380)</u>	<u>3,039</u>	<u>(103,292)</u>
Total capital assets, being depreciated, net	<u>180,728</u>	<u>33,944</u>	<u>(345)</u>	<u>214,327</u>
Governmental activities capital assets, net	<u>\$ 367,215</u>	<u>\$ 81,764</u>	<u>\$ (23,453)</u>	<u>\$ 425,526</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 7,289	\$ 675	\$ (716)	\$ 7,248
Construction in progress	97,925	11,042	(102,663)	6,304
Total capital assets, not being depreciated	<u>105,214</u>	<u>11,717</u>	<u>(103,379)</u>	<u>13,552</u>
Capital assets, being depreciated:				
Buildings and improvements	342,869	126,135	(88)	468,916
Machinery and equipment	7,896	1,065	-	8,961
Total capital assets, being depreciated	<u>350,765</u>	<u>127,200</u>	<u>(88)</u>	<u>477,877</u>
Less accumulated depreciation for:				
Buildings and improvements	(102,788)	(7,975)	65	(110,698)
Machinery and equipment	(5,369)	(247)	-	(5,616)
Total accumulated depreciation	<u>(108,157)</u>	<u>(8,222)</u>	<u>65</u>	<u>(116,314)</u>
Total capital assets, being depreciated, net	<u>242,608</u>	<u>118,978</u>	<u>(23)</u>	<u>361,563</u>
Business-type activities capital assets, net	<u>\$ 347,822</u>	<u>\$ 130,695</u>	<u>\$ (103,402)</u>	<u>\$ 375,115</u>

CITY OF STOCKTON

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2003 (Dollar amounts in thousands)

5. CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions/programs of the City as follows:

Governmental activities:	
General government	\$ 70
Public safety	337
Public works	4,318
Library	255
Parks & Recreation	667
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	2,733
Total depreciation expense - governmental activities	<u>\$ 8,380</u>
Business-type activities:	
Water Utility	\$ 1,587
Sanitary Wastewater Utility	5,031
Stormwater Utility	1,128
Other business-type	476
Total depreciation expense - business-type activities	<u>\$ 8,222</u>

6. LONG-TERM DEBT

Bonds Payable

Special Assessment Bonds

Governmental activities – During the year, two new 1915 Act Special Assessment Bonds were authorized and issued for \$4,045 and \$4,000 to finance the improvements of special districts located within the City. There are currently ten bonds authorized and issued with interest rates ranging from 2.85% to 8.1% and final maturity in September 2032. Remaining debt service will be paid from assessments to property owners.

CITY OF STOCKTON

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2003 (Dollar amounts in thousands)

6. LONG-TERM DEBT (Continued)

Annual debt service requirements to maturity for special assessment bonds are as follows:

Year Ending June 30	Governmental Principal	Activities Interest
2004	\$ 1,287	\$ 1,749
2005	1,315	1,680
2006	1,575	1,602
2007	1,670	1,515
2008	1,670	1,422
2009-2013	6,760	5,800
2014-2018	4,090	4,142
2019-2023	4,800	2,695
2024-2028	4,805	1,183
2029-2033	1,250	203
Total	<u>\$ 29,222</u>	<u>\$ 21,991</u>

Mello-Roos Special Tax Bonds

Governmental activities – Community Facilities Districts Special Tax Bonds were authorized pursuant to the Mello-Roos Community Facilities Act of 1982, to provide funds to: 1) pay costs of the acquisition and construction of new roads, sewer and water facilities to serve property located within the City of Stockton, 2) pay certain public facilities impact fees charged by the City. There are currently seven bonds authorized and issued, five of which have interest rates ranging from 2.7% to 7.75% and two at a variable interest rate, and final maturity in September 1, 2032. The interest rate for the variable-rate bonds is determined on a weekly basis by the Remarketing Agent as stated in the official statement using the California Municipal Market Data (Cal MMD) 7-day non-amortized interest rate not to exceed 12% per annum. Remaining debt service will be paid from assessments to property owners.

During the year, the City issued \$6,300 of Mello-Roos special tax bonds to refund an existing Mello-Roos bond.

Business-type activities – The City issued \$6,180 of community facilities district special tax bond anticipation notes for the purposes of refunding the City's outstanding Central Parking District Refunding Bonds of 1991 and the Central Parking District Bonds of 1967, Division 4.

CITY OF STOCKTON

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2003 (Dollar amounts in thousands)

6. LONG-TERM DEBT (Continued)

Annual debt service requirements to maturity for Mello-Roos special tax bonds are as follows:

Year Ending June 30	Governmental Principal	Activities Interest	Business-type Principal	Activities Interest
2004	\$ 1,490	\$ 2,579	\$ 6,180	\$ 270
2005	1,555	2,511		
2006	1,865	2,429	-	-
2007	1,960	2,334	-	-
2008	2,055	2,230	-	-
2009-2013	11,825	9,276	-	-
2014-2018	9,315	5,570	-	-
2019-2023	3,595	4,233	-	-
2024-2028	12,620	4,913	-	-
2029-2033	6,620	1,107	-	-
2034-2038	0	0	-	-
Total	<u>\$ 52,900</u>	<u>\$ 37,182</u>	<u>\$ 6,180</u>	<u>\$ 270</u>

Revenue Bonds

Governmental activities – Refunding Revenue Bonds were issued by the SPFA to purchase two series of local obligation refunding bonds and three limited obligation improvement bonds. Additionally, the City issued Mello-Roos Revenue Bonds to purchase special tax bonds and to finance the acquisition and construction of stormwater lines and pumping plants. The SPFA, also issued assessment Revenue Bonds (West Eighth Street Series 1999) in the amount of \$11,610 to refund two prior issues of limited obligation improvement bonds. There are currently nine bonds authorized and issued with interest rates ranging from 3.0% to 8.1% and final maturity on September 1, 2024. Remaining debt service will be paid from revenues of the SPFA or City consisting primarily of payments received by the Authority and City as payments of assessments on the local obligation or special tax bonds. During the year, the City issued \$10,445 of revenue bonds to refund West Eighth Street Series 1999.

Business-type activities – The City issued \$14,280 of revenue bonds to advance refund certificates of participation. The interest rates range from 3.9% to 5.5% and the final maturity is October 1, 2022.

CITY OF STOCKTON

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2003 (Dollar amounts in thousands)

6. LONG-TERM DEBT (Continued)

Annual debt service requirements to maturity for revenue bonds are as follows:

Year Ending June 30	Governmental		Business-type Activities	
	Principal	Interest	Principal	Interest
2004	\$ 4,775	\$ 5,768	\$ 440	\$ 671
2005	5,105	5,515	460	648
2006	5,400	5,246	485	623
2007	5,720	4,957	510	598
2008	6,075	4,646	540	572
2009-2013	36,680	17,553	3,085	2,468
2014-2018	30,340	6,122	3,845	1,717
2019-2023	6,895	1,352	4,915	653
2024-2028	1,730	105	-	-
Total	<u>\$ 102,720</u>	<u>\$ 51,264</u>	<u>\$ 14,280</u>	<u>\$ 7,950</u>

Certificates of Participation

Governmental activities – 1999 Certificates of Participation were authorized and issued to finance a portion of the acquisition and construction of an essential services building and an adjacent public parking facility located within the City. The certificates have interest rates ranging from 4.6% to 6.0% and final maturity on August 1, 2031. The City leases the essential services building and adjacent parking facility from the SPFA. Lease payments are used to repay the certificates. Under the lease agreement, the City covenanted to make all rental payments to the SPFA. These rental payments are used to service the indebtedness when it becomes due and payable. Consistent with NCGA Statement No. 5 and GASB Statement No. 14, capital leases between the primary government and blended component units are eliminated. During the year, Certificates of Participation were issued for \$1,160 and \$12,140 to finance redevelopment housing projects. The interest rates range from 3.0% to 5.28% and final maturity is September 1, 2033.

Business-type activities - SPFA (lessor) issued Certificates of Participation on June 3, 2003 in the amount of \$14,135, with interest rates ranging from 2.00% - 4.25%, the full amount maturing serially through September 1, 2023, in annual principal installments ranging from \$545 to \$965. Certificates of Participation were issued to advance refund other certificates of participation

CITY OF STOCKTON

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2003 (Dollar amounts in thousands)

6. LONG-TERM DEBT (Continued)

In addition, the City issued Certificates of Participation on February 1, 1998, in the amount of \$101,650, with interest rates ranging from 4.0% to 5.2%, the full amount maturing serially through September 1, 2029, in annual principal installments ranging from \$1,395 to \$7,325.

The proceeds of the 1998 issue were used to finance the design and construction of a sewer interceptor and to make improvements and modifications to the southern industrial sewer trunk line, and to defease the 1995 Certificates of Participation issue that was to finance the design, improvements and modifications to the regional wastewater control facilities serving the citizens of the City of Stockton. The defeasance resulted in an unamortized extraordinary loss of \$6,432, which is being amortized over the life of the 1995 Certificates. Interest with respect to the 1998 Certificates of Participation began on the date of issuance. Restrictive covenants include the requirement of a reserve for debt service by providing a reserve policy provided by an outside insurer. The reserve policy is in the amount of the maximum annual debt service on the 1998 and 1993 Certificates. The Certificates will be repaid from the net revenues of the Sanitary Wastewater Utility Fund.

The statement of net assets, Enterprise-Sanitary Wastewater Utility Fund (restricted assets) includes \$13,716 cash with fiscal agent held by a fiscal agent (trustee) in charge of investment of idle funds and disbursements for the improvements and modifications of the project being financed.

Annual debt service requirements to maturity for certificates of participation are as follows:

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2004	\$ 210	\$ 1,277	\$ 1,640	\$ 5,078
2005	220	1,483	2,250	5,126
2006	235	1,472	2,330	5,044
2007	245	1,461	2,415	4,958
2008	255	1,449	2,510	4,867
2009-2013	2,165	7,004	14,210	22,672
2014-2018	3,930	6,206	17,825	19,052
2019-2023	5,100	5,016	22,695	14,193
2024-2028	6,685	3,395	29,700	7,738
2029-2033	7,770	1,259	14,280	751
2034	945	25	-	-
Total	<u>\$ 27,760</u>	<u>\$ 30,047</u>	<u>\$ 109,855</u>	<u>\$ 89,479</u>

CITY OF STOCKTON

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2003 (Dollar amounts in thousands)

6. LONG-TERM DEBT (Continued)

Loans Payable

The City entered into a loan with the California Department of Boating and Waterways to complete a planning report of the anticipated development of a small craft harbor facility. The loan amount is for a maximum of \$280, of which the City had drawn down \$275 as of June 30, 2003. Accumulated interest calculated at 4.5% per annum totals \$9 through June 30, 2003, and will be recognized as an expenditure when paid. Repayment of the loan is to begin on August 1, 2003, and the term of the agreement is for ten years commencing on September 3, 2001.

The City entered into two loan guarantee agreements with the U.S. Department of Housing and Urban Development to complete redevelopment projects. The loan amounts are for a maximum of \$3,000 and \$10,000 each, of which the City has drawn down \$3,000 and \$5,425, respectively, as of June 30, 2003. Accumulated interest per annum totals \$185 through June 30, 2003, and will be recognized as an expenditure when paid. Repayment of these loans began on January 23, 2001, and the terms of these agreements are for 19 and 13 years, respectively, commencing on January 3, 2001. Principal of \$430 was paid on these loans during Fiscal Year 2003; \$155 and \$275 respectively.

Annual debt service requirements to maturity of loans payable are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2004	\$ 397	\$ 462
2005	424	443
2006	455	422
2007	486	398
2008	517	372
2009 - 2013	3,147	1,372
2014 - 2018	2,110	488
2019 - 2020	734	73
Total	<u>\$ 8,270</u>	<u>\$ 4,030</u>

Compensated Absences

It is the City's policy to permit employees to accumulate a limited amount of earned but unused vacation benefits and unlimited sick leave. A portion of these benefits is paid to the employee upon separation of employment from the City. Both the current and long-term portions of the liability have been recorded.

CITY OF STOCKTON

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2003 (Dollar amounts in thousands)

6. LONG-TERM DEBT (Continued)

Claims and Judgments

In accordance with GASB 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues* and GASB No. 30 *Risk Financing Omnibus* liabilities have been accrued representing estimates of amounts to be paid for reported, as well as incurred but not reported claims. The City contracts with independent actuaries to compute the estimated liabilities of the City's self-insurance programs. The estimated liabilities include allocated loss adjustment expenses and exclude unallocated loss adjustment expenses. The effect of specific incremental claim adjustment expenses is included in the allocated loss adjustment expenses and is not specifically identifiable. The effect of salvage and subrogation are minimal. The liability for unpaid claims for general liability and workers' compensation is discounted to reflect the City's settlement rate and anticipated future investment earnings, using a discount rate of 3%. See Notes 11 and 12 for additional disclosures regarding risk management and risk pool, respectively. Based on information from the City Attorney, actuaries, and others involved with self-insurance programs, City management believes that the aggregate accrual is adequate to cover such losses. Self-insurance liabilities are broken down as follows:

	Long-Term	Current	Total
General liability	\$ 2,117	\$ 1,125	\$ 3,242
Workers' compensation	32,849	6,224	39,073
Health insurance	-	2,741	2,741
	<hr/>	<hr/>	<hr/>
Total	<u>\$ 34,966</u>	<u>\$ 10,090</u>	<u>\$ 45,056</u>

Advances From Other Governments

	Water Utility	Stormwater Utility	Total
Federal Drought Relief Act	\$ 938	\$ -	\$ 938
Federal Clean Water Act	-	483	483
	<hr/>	<hr/>	<hr/>
Total	938	483	1,421
Less current portion	-	155	155
	<hr/>	<hr/>	<hr/>
Long-term portion	<u>\$ 938</u>	<u>\$ 328</u>	<u>\$ 1,266</u>

CITY OF STOCKTON

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2003 (Dollar amounts in thousands)

6. LONG-TERM DEBT (Continued)

In August 1977, the City accepted a Federal Drought Relief Act grant of \$1,934 (which was later reduced by \$313) and a loan not to exceed \$1,834 for drought relief projects for the Water Utility Enterprise Fund. As of June 30, 2003 advances totaled \$938. The loan will bear interest at 5% per annum and shall be for a term not to exceed 40 years. There was no interest accruing at June 30, 2003.

In September 1992, the City accepted a Federal Clean Water Act loan not to exceed \$1,900 for programs to reduce pollutant loading from urban runoff, which will enable the City to comply with the Clean Water Act of 1987 (Stormwater Enterprise Fund). As of June 30, 2003 advances totaled \$483. The loan will bear interest at 3.1% per annum and shall be for a term not to exceed 10 years after completion of the City's three-year program. Accrued interest at June 30, 2003 was \$15.

Long-term debt activity for the year ended June 30, 2003 was as follows:

Governmental activities:	Balance July 1, 2002	Additions	Reductions	Balance June 30, 2003	Due Within One Year
Bonds payable:					
Special Assessment Debt with Government Commitment (1915 Act Special Assessment Bonds)	\$ 23,086	\$ 8,045	\$ (1,909)	\$ 29,222	\$ 1,287
Mello-Roos Special Tax Bonds	53,775	6,300	(7,175)	52,900	1,490
Revenue Bonds	109,415	10,445	(17,140)	102,720	4,775
Less deferred amounts:					
For issuance discounts	(596)	(455)	40	(1,011)	(47)
Total bonds payable	185,680	24,335	(26,184)	183,831	7,505
Certificates of participation	14,665	13,300	(205)	27,760	210
Less deferred amounts:					
For issuance discounts	-	(98)	-	(98)	(3)
Total certificates of participation	14,665	13,202	(205)	27,662	207
Loans payable	8,680	20	(430)	8,270	397
Compensated absences	19,861	473	(1,704)	18,630	9,442
Claims and judgments	31,178	14,445	(567)	45,056	10,090
Governmental activities - long-term debt	<u>\$ 260,064</u>	<u>\$52,475</u>	<u>\$ (29,090)</u>	<u>\$ 283,449</u>	<u>\$ 27,641</u>

CITY OF STOCKTON

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2003 (Dollar amounts in thousands)

6. LONG-TERM DEBT (Continued)

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year-end, \$789 of internal service funds compensated absences and \$45,056 of internal service fund claims and judgments are included in the above amounts. The remaining amounts are related to governmental funds, of which the compensated absences are generally liquidated by the General Fund.

Business-type activities	Balance July 1, 2002	Additions	Reductions	Balance June 30, 2003	Due Within One Year
Bonds payable:					
Special Assessment Debt with Government Commitment (Central Parking District)	\$ 210	\$ -	\$ (210)	\$ -	\$ -
Mello-Roos Special Tax Bonds	6,180	-	-	6,180	6,180
Revenue Bonds	14,280	-	-	14,280	440
Less deferred amounts:					
For issuance discounts	(296)	-	14	(282)	(14)
Deferred amount for refunding	(668)	-	193	(475)	(119)
Total bonds payable	<u>19,706</u>	<u>-</u>	<u>(3)</u>	<u>19,703</u>	<u>6,487</u>
Certificates of participation	111,690	14,135	(15,970)	109,855	1,640
Less deferred amounts:					
For issuance discounts	(426)	(214)	17	(623)	(17)
Deferred amount for refunding	(5,898)	-	343	(5,555)	(343)
Total certificates of participation	<u>105,366</u>	<u>13,921</u>	<u>(15,610)</u>	<u>103,677</u>	<u>1,280</u>
Compensated absences	2,699	184	(476)	2,407	1,015
Advances from other governments	1,623	-	(202)	1,421	155
Water extension agreements	<u>11</u>	<u>-</u>	<u>(11)</u>	<u>-</u>	<u>-</u>
Business-type activities - long-term debt	<u>\$ 129,405</u>	<u>\$ 14,105</u>	<u>\$ (16,302)</u>	<u>\$ 127,208</u>	<u>\$ 8,937</u>

Advance and Current Refundings

Governmental Activities – The City issued \$10,445 of SPFA refunding revenue bonds for a current refunding of \$10,790 of special assessment debt. The refunding was undertaken to reduce total future debt service payments. The transaction resulted in an economic gain of \$111 and a reduction of \$6,086 in future debt service payments.

CITY OF STOCKTON

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2003 (Dollar amounts in thousands)

6. LONG-TERM DEBT (Continued)

In addition, the City issued \$6,300 of refunding special tax bonds for a current refunding of \$6,415 of Mello-Roos special assessment debt. The transaction resulted in an economic loss of (\$1,839) and a reduction of \$2,123 in future debt service payments.

Business-type activities – The City and the Stockton Public Financing Authority issued \$14,135 of Certificates of Participation to advance refund all of the outstanding 1993 Wastewater Certificates amounting to \$14,035. As a result, the refunded certificates are considered to be defeased and the liability has been removed from the business-type activities column of the statement of net assets. This advance refunding was undertaken to reduce total debt service payments over the next 20 years by \$13,907 and resulted in an economic gain of \$6,776.

Prior Year Defeasance of Debt

In prior years, the City and the SPFA defeased certain long-term debt by placing the proceeds of new debt in irrevocable trusts to provide for all future debt service payments on the old debt until called. Accordingly, the trust account assets and liabilities for the following defeased debt issues are not included in the City's financial statements. At June 30, 2003, the outstanding balances of the bonds considered defeased were as follows:

City of Stockton Community Facilities District No. 1, Series 308 (Weston Ranch Special Tax Bonds)	\$ 3,050
--	----------

In addition, in prior years, the City defeased certain proprietary fund debt by placing the proceeds of new debt in an irrevocable trust to provide for all future debt service payments on the old debt until called. Accordingly, the trust account assets and liabilities for the following defeased debt issues are not included in the City's financial statements. At June 30, 2003, the outstanding balance considered defeased is as follows:

1995 Certificates of Participation - Sanitary Wastewater Utility Fund	\$ 39,405
1993 Certificates of Participation - Water Utility Fund	\$ 14,930
1993 Certificates of Participation - Wastewater Utility Fund	\$ 14,035

CITY OF STOCKTON

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2003 (Dollar amounts in thousands)

7. CONDUIT DEBT OBLIGATIONS

From time-to-time, the City has issued revenue bonds to provide financial assistance to public and private sector entities for the funding of mortgage loans, capital improvements to medical facilities and refinancing of previously existing debt deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying assets. Neither the City, nor the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2003, there were seven series of revenue bonds outstanding, with an aggregate principal amount payable of \$126,345.

8. NATURE AND PURPOSE OF REPORTED RESERVES AND DESIGNATIONS

Reserves are portions of the fund balance not appropriable for expenditures under the flow of current financial resources measurement focus or those portions of the fund balance/retained earnings legally segregated for specific future use. Designations are portions of the fund balance, which have been identified by management to reflect tentative plans or commitments of governmental resources.

A summary of reported reserves and designations by fund at June 30, 2003 follows:

	Governmental Activities					Total
	General	Public Facilities Impact Fees	Capital Improvement	Redevelopment Agency	Other	
Reserves:						
Encumbrances	\$ 977	\$ 2,400	\$ 3,665	\$ 270	\$ 3,536	\$ 10,848
Advances	3,039	449	19,287		53,620	76,395
Debt service	-	-	-		35,120	35,120
Loan commitment	324	-	1,193		-	1,517
Low- and moderate-income housing	-	-	-	1,047	496	1,543
Endowments	-	-	-		1,383	1,383
Other items	1,915	277	132	40	5,589	7,953
Total reserves	<u>\$ 6,255</u>	<u>\$ 3,126</u>	<u>\$ 24,277</u>	<u>\$ 1,357</u>	<u>\$ 99,744</u>	<u>\$ 134,759</u>
Designations:						
Termination pay	\$ 1,166	\$ -	\$ -	\$ -	\$ 132	\$ 1,298
Infrastructure	2,470	-	-	-	-	2,470
Economic uncertainties	8,129	-	-	-	-	8,129
Total designations	<u>\$ 11,765</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 132</u>	<u>\$ 11,897</u>

CITY OF STOCKTON

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2003 (Dollar amounts in thousands)

8. NATURE AND PURPOSE OF REPORTED RESERVES AND DESIGNATIONS (Continued)

Encumbrances – Represent approved purchase orders, contracts, and other commitments not completed at the end of the fiscal year.

Advances—Council approved loans made for the following purposes: 1) Loan to the Redevelopment Agency for redevelopment of blighted areas; 2) Administer the public facilities fees program and to begin the construction of planned infrastructure; 3) Advance for construction of facilities at Buckley Cove Marina; and 4) Advance for new Emergency Medical Transport fund to assist with start-up costs.

Debt Service – For payment of long-term debt principal, interest and related fiscal charges.

Loan Commitment – For loans to new Emergency Medical Transportation Fund to assist with funding start-up costs. Fund was established July 1, 2002.

Low- and Moderate-Income Housing – Set aside for eligible low- and moderate-income family housing.

Endowments – Set aside for various endowments, of which the majority has been set aside for the arts.

Other Items – To offset miscellaneous assets that do not represent expendable available financial resources, including the fair value adjustment of investments.

Termination Pay – To cover the employee separation pay and vacation sellback for all General Fund departments and for the City-County Library Fund.

Infrastructure – Set aside for future downtown revitalization activities.

Economic Uncertainties – Set aside for unforeseen budgetary requirements of the City.

CITY OF STOCKTON

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2003 (Dollar amounts in thousands)

9. PENSION PLAN

Plan Description - The City contributes to the Safety Plan of the City of Stockton and the Miscellaneous Plan of the City of Stockton (Plans) which are part of the California Public Employees' Retirement System (PERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for governmental entities in the State of California. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries.

All City employees are eligible to participate in PERS. Part-time employees must meet specific criteria for participation. City employees are eligible for retirement at age 50 or older with five years of service credits. Benefits are payable monthly for life in an amount equal to a certain percent of their average salary during their highest year of employment. Benefit provisions and all other requirements are established by state statute and city ordinance. Copies of PERS' comprehensive annual financial report may be obtained from their executive office of 400 P Street, Sacramento, California, 95814.

Funding Policy – Safety Plan participants are required to contribute 9% of their annual covered salary. Miscellaneous Plan participants are required to contribute 7% of their annual covered salary. As part of the city employees' benefit package, the City pays the employees' contribution. The City is required to contribute at an actuarially determined rate. The rate for Safety members was 15.744% of annual covered payroll. There were no required contributions for Miscellaneous members. The contribution requirements of the Plans' members and the City are established and may be amended by PERS.

Annual Pension Cost - For the year ended June 30, 2003, the City's annual pension cost of \$6,826 for the Safety Plan and \$0 for the Miscellaneous Plan were equal to the City's required contributions. The required contributions were determined as part of the June 30, 2000 actuarial valuations using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 8.25% investment rate of return (net of administrative expenses); (b) projected salary increases that vary depending on age, service, and type of employment from 3.75% to 14.20%; (c) inflation of 3.50%; and (d) payroll growth of 3.75%. The actuarial value of the Plans' assets was determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a three-year period. The Plans' initial unfunded actuarial accrued liability (or excess assets) is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period as of June 30, 2002 was 15 years for the Safety Plan and 18 years for the Miscellaneous Plan.

CITY OF STOCKTON

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2003 (Dollar amounts in thousands)

9. PENSION PLAN (Continued)

SAFETY PLAN

Three-Year Trend Information for (Dollar Amount in Thousands)

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/03	\$ 6,826	100 %	\$ -
6/30/02	3,940	100	-
6/30/01	4,312	82	761

MISCELLANEOUS PLAN

Three-Year Trend Information for (Dollar Amount in Thousands)

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/03	\$ -	100 %	\$ -
6/30/02	-	100	-
6/30/01	-	100	-

10. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City established three internal service funds to account for its uninsured risk of loss that relate to general liability, workers' compensation, and health benefits. These funds provide coverage up to a maximum of \$1,000 for each general liability claim, \$1,000 for each worker's compensation claim and \$190 for each medical plan member under the health benefits program. The City purchases commercial insurance for claims in excess of the coverage provided by the fund and for all other risks of loss for worker's compensation and health benefit claims. The City joined together with other cities in 1987 to form the California Joint Powers Risk Management Authority (CJPRMA), a public entity risk pool currently operating as a risk management and insurance program for 18 member entities, which represents 74 cities and special districts. The City pays an annual premium to CJPRMA for its general liability excess insurance coverage for claims over the City's \$1,000 self-insured retention level.

CITY OF STOCKTON

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2003 (Dollar amounts in thousands)

10. RISK MANAGEMENT (Continued)

The workers' compensation and health benefits programs are administered by third-party administrators who are experts in their respective fields. The general liability is self-administered by the City of Stockton.

At June 30, 2003, \$3,242, \$39,073, and \$2,741 have been accrued for general liability, workers' compensation, and health benefits insurance, respectively. All funds of the City participate in the program and make payments to the respective internal service funds based on actuarial estimates of the amounts needed to pay prior and current year claims. The City contracts with independent actuaries to compute the estimated liabilities of the City's self-insurance programs. The liability for unpaid claims for general liability and workers' compensation is discounted to reflect anticipated future investment earnings, assuming a three percent interest rate.

The claims liabilities above, reported in the respective internal service funds at June 30, 2003, are based on requirements of GASB 10 and GASB 30, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated. These accruals represent estimates of amounts to be paid for reported claims, and incurred but unreported claims based upon past experience, modified for current trends and information. While the ultimate amounts of losses incurred through June 30, 2003 are dependent on future developments, based upon information provided from the City Attorney, outside counsel and others involved with the administration of the programs, the City's management believes that the aggregate accrual is adequate to cover such losses. There have been no significant reductions in any of the City's insurance coverage and no settlement amounts have exceeded commercial or CJPRMA insurance coverage each of the past three years.

Reconciliation of the changes in the City's aggregate liabilities for the current and prior fiscal year:

	Liability	Workers' Compensation	Health	Total
Balance, June 30, 2001	\$ 5,112	\$ 18,997	\$ 1,932	\$ 26,041
Claims incurred	199	11,013	15,923	27,135
Claims paid	(1,502)	(5,064)	(15,432)	(21,998)
Balance, June 30, 2002	3,809	24,946	2,423	31,178
Claims incurred	357	22,089	19,997	42,443
Claims paid	(924)	(7,962)	(19,679)	(28,565)
Balance, June 30, 2003	<u>\$ 3,242</u>	<u>\$ 39,073</u>	<u>\$ 2,741</u>	<u>\$ 45,056</u>

CITY OF STOCKTON

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2003 (Dollar amounts in thousands)

11. RISK POOL

The City is a member of the California Joint Powers Risk Management Authority, a risk pool, described as follows:

Description of Joint Powers Authority - The Authority is comprised of 18 California member entities and is organized under a Joint Powers Agreement pursuant to the California Government Code. The purpose of the Authority is to arrange and administer programs of insurance for the pooling of self-insured losses.

The Authority is dedicated to maintaining a commitment to excellence in the protection of its member entities from catastrophic liability and other financial losses through a stable, high quality, comprehensive, cost effective, long-term risk management program.

Self-Insurance Programs of the Authority

General Liability Insurance - Annual deposits are paid by member entities and are adjusted retrospectively to cover costs. Members can participate with self-funded retention levels of either \$500 or \$1,000. The City's self-funded retention is currently set at \$1,000. Specific coverage includes comprehensive and general automotive liability, personal injury, contractual liability, errors and omissions and certain other coverage. Separate deposits are collected from the member cities to cover claims between \$1,000 and \$24,000. These deposits are subject to retrospective adjustments.

Property Protection - The City of Stockton participates in the All Risks Property Protection Program, which is primarily underwritten by a casualty insurance company. The annual deposits paid by participating member cities are based upon deductibility levels and are not subject to retroactive adjustments.

CITY OF STOCKTON

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2003 (Dollar amounts in thousands)

12. POST-RETIREMENT HEALTH CARE BENEFITS

In addition to providing pension benefits through the Public Employees' Retirement System, the City provides certain health care benefits for retired employees under contractual obligations negotiated between the City and various employee bargaining units. All City management and public safety employees who receive a PERS retirement allowance upon separation are eligible for coverage under the Retiree Medical Plan at age 50. Some employees retired for disability may qualify at a younger age. Other miscellaneous employees receive a PERS retirement allowance with 15 or more years of service at age 50 or 55. Full medical benefits are continued until age 65, but with a maximum of 15 years. Such coverage includes the retiree and one dependent. At age 65, eligible retirees are covered under a Medicare Supplemental Plan, which pays secondary to Medicare. This is a lifetime benefit provided to the retired employee and his or her eligible spouse. Currently, 525 retirees meet these eligibility requirements and participate in the Plan.

The City's contributions are financed on a pay-as-you-go basis. During the year, expenditures of approximately \$5,652 were recognized for post-employment health care.

Most retirees do not contribute to the plan. Retirees who exhaust their City-paid benefit before reaching age 65 can purchase coverage until they reach age 65. Those that qualify for City paid benefits may purchase coverage for additional dependents not covered by the City's contribution to the Plan. During the year, retirees who contributed paid \$121.50 toward their own coverage or to cover their dependents.

13. CONTINGENT LIABILITIES

General Liability - There are various claims and legal actions pending against the City for which no provision has been made in the financial statements. In the opinion of the City Attorney and City management, liabilities arising from these claims and legal actions, if any, will not be material to these financial statements.

The City has received federal grants for specific purposes that are subject to review and audit by the federal government. Although such audits could result in expenditure disallowances under grant terms, any required reimbursements are not expected to be material.

The City is self-insured and participates in a Public Entity Risk Pool. Details of this are covered in Notes 11 and 12.

CITY OF STOCKTON

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2003 (Dollar amounts in thousands)

13. CONTINGENT LIABILITIES (Continued)

Construction Commitments - The City is undertaking a number of capital improvement projects, the most significant of which include the following at June 30, 2003:

• Wastewater Utility	\$ 6,637
• Fox Theater renovation	2,628
• Police and Fire Stations	1,513
• City Parks	825
• Water Utility	702
• Street Improvements	346

14. DEFICIT FUND BALANCE AND UNFUNDED LIABILITIES

- The Redevelopment Agency Capital Projects Fund had a deficit fund balance of \$25,006 at June 30, 2003 primarily as a result of expenditures incurred in advance of receipt of revenues. It is the intent of the City's Redevelopment Agency to fund this deficit from future tax increments and other revenues.
- The Emergency Medical Transportation Fund has a deficit fund balance of \$1,201 at June 30, 2003 due to timing difference between expenditures and reimbursements from insurances yet to be received. The City's Emergency Medical Transportation Fund is expected to be self-supporting within the next five years.
- The City budgets revenues and projects expenses in the General Liability Insurance Fund (internal service) based upon an analysis of the cash flows with the fund. On an accrual basis of accounting, the General Liability Insurance Fund has a long-term liability of \$2,117 and a deficit in net assets of \$882. The cash balance of the fund at June 30, 2003 is \$2,371. The City will fund the deficit over time by adjusting the rates paid by city funds.
- The City budgets revenues and projects expenses in the Workers' Compensation Insurance Fund (internal service) based upon an analysis of the cash flows with the fund. On an accrual basis of accounting, the Workers' Compensation Insurance Fund has a long-term liability of \$32,849 and a deficit in net assets of \$34,847. The cash balance of the fund at June 30, 2003 is \$4,793. The City will fund the deficit over time by adjusting the rates paid by city funds.

CITY OF STOCKTON

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2003 (Dollar amounts in thousands)

14. DEFICIT FUND BALANCE AND UNFUNDED LIABILITIES (Continued)

- The City budgets revenues and projects expenses in the Health Benefits Fund (internal service) based upon an analysis of the cash flows with the fund. On an accrual basis of accounting, the Health Benefits Fund has a current liability for claims of \$2,741 and a deficit in net assets of \$3,200. The City will fund the deficit over time by adjusting the rates paid by city funds.

15. OPERATING LEASES

Operating lease obligations are primarily for rental of parking facilities space. Total expenditures for leases were \$135 for the year ended June 30, 2003. The future minimum lease payments required for those operating leases are as follows:

June 30,	Amount
2004	\$ 123
2005	111
2006	117
2007	122
2008	128
2009-2013	591
2014-2018	<u>584</u>
Total	<u>\$ 1,776</u>

16. RESTATEMENT OF BEGINNING NET ASSETS

Governmental funds' beginning fund balances have been restated as follows:

Prior period adjustments:

1. The City's omitted construction in progress expenditures for infrastructure incurred prior to June 30, 1999 when it initially recorded its infrastructure for governmental activities under GASB 34 in the prior year.
2. Certain expenditures related to capital assets donated to the City were capitalized in error rather than being properly recorded as public works expenditures in the prior year.

CITY OF STOCKTON

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2003 (Dollar amounts in thousands)

16. RESTATEMENT OF BEGINNING NET ASSETS (Continued)

	Governmental Activities
Net asset, beginning of year, as originally reported	\$ 342,075
Infrastructure CIP	21,173
Mello-Roos capital outlay	(6,365)
	<u>14,808</u>
Net assets, beginning of year, restated	<u>\$ 356,883</u>

17. SUBSEQUENT EVENTS

On September 10, 2003, the City authorized and issued \$18,185 of Limited Obligation Improvement Bonds for the Mosher Assessment District No. 2003-02. The new bonds are being issued to finance the construction and acquisition of certain public facilities of benefit to Mosher Assessment District. The bonds are issued pursuant to the provisions of the Improvements Act of 1915, consisting of Division 10 of the Streets and Highways Code of the State of California. The interest rates range from 2.75% to 6.30% and the bonds will mature on September 2, 2033.

On November 19, 2003, the City authorized and issued \$3,250 of Camera Estates Community Facilities District No. 2003-1 Special Tax Bonds, Series 2003. The new bonds are being issued to finance the construction and acquisition of certain public facilities of benefit to Camera Estates. The bonds are issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, constituting Section 53311, et seq. of the California Government Code. The interest rates range from 1.75% to 5.90% and the bonds will mature on September 1, 2033.

CITY OF STOCKTON

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED JUNE 30, 2003 (Dollar amounts in thousands)

18. FUTURE GASB PRONOUNCEMENTS

In, May 2002, GASB issued Statement No. 39, *Determining Whether Certain Organizations Are Component Units - an amendment of GASB Statement No. 14*. An objective of Statement No. 14, *The Financial Reporting Entity*, is that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. This Statement amends Statement 14 to provide additional guidance to determine whether certain organizations for which the primary government is not financially accountable should be reported as component units based on the nature and significance of their relationship with the primary government. Generally, it requires reporting, as a component unit, an organization that raises and holds economic resources for the direct benefit of a governmental unit. GASB 39 is effective for fiscal year 2003/2004; however, at this time, the City is not aware of any affiliated organization, which meets the criteria for inclusion in its reporting entity.

In March 2003, GASB issued Statement No. 40, *Deposit and Investment Risk Disclosures, an amendment of GASB Statement No. 3*. The Statement amends GASB Statement No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements* and addresses additional risks to which governments are exposed. The provisions of Statement No. 40 are effective for financial statements for periods beginning after June 15, 2004. Earlier application is encouraged.

The City is currently analyzing the impact of the required implementation of these new statements in fiscal year 2004.

This page intentionally blank.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

This page intentionally blank.

CITY OF STOCKTON

SCHEDULES OF DEFINED BENEFIT PENSION PLANS FUNDED STATUS FOR THE YEAR ENDED JUNE 30, 2003 (Dollar amounts in thousands)

MISCELLANEOUS PLAN

Valuation Date	Entry Age Normal Accrued Liability (1)	Actuarial Value of Assets (2)	Unfunded Liability (Excess Assets) (1)-(2)	Funded Status (2)/(1)	Annual Covered Payroll (3)	UAAL As a Percentage of Payroll [(1)-(2)]/(3)
6/30/02	\$304,791	\$302,384	\$2,408	99.2%	\$53,151	4.500%
6/30/01	\$ 282,136	\$ 324,340	\$ (42,204)	115.0%	\$ 50,843	-83.008%
6/30/00	259,997	316,601	(56,604)	121.8%	46,734	-121.120%

SAFETY PLAN

Valuation Date	Entry Age Normal Accrued Liability (1)	Actuarial Value of Assets (2)	Unfunded Liability (Excess Assets) (1)-(2)	Funded Status (2)/(1)	Annual Covered Payroll (3)	UAAL As a Percentage of Payroll [(1)-(2)]/(3)
6/30/02	\$447,098	\$375,902	\$71,196	84.1%	\$42,400	167.900%
6/30/01	\$ 401,016	\$ 402,288	\$ (1,272)	100.3%	\$ 37,359	-3.405%
6/30/00	378,035	392,448	(14,413)	103.8%	36,567	-39.415%

The notes to the required supplementary information are an integral part of this schedule.

CITY OF STOCKTON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - ON A BUDGETARY BASIS GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2003 (Dollar amounts in thousands)

	Budget		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Property	\$ 19,400	\$ 19,400	\$ 21,091	\$ 1,691
Utility	34,050	34,050	32,157	(1,893)
Sales and use	34,880	34,880	33,250	(1,630)
Other	15,250	15,250	16,716	1,466
Licenses and permits	390	390	431	41
Other governmental	16,698	16,698	16,831	133
Charges for services	9,617	9,848	10,210	362
Fines and forfeitures	1,383	1,383	1,461	78
Use of money and property	355	355	629	274
Investment income:				
Interest income	1,070	1,070	894	(176)
Net decrease in fair value of investments	-	-	(87)	(87)
Refunds and reimbursements	1,002	1,224	2,645	1,421
Miscellaneous	3,816	3,816	7,004	3,188
Total revenues	137,911	138,364	143,232	4,868
EXPENDITURES:				
Current:				
General government:				
City council	493	494	445	49
City manager	2,354	2,326	2,144	182
City attorney	1,018	1,065	1,065	-
City clerk	930	1,312	1,237	75
City auditor	499	493	474	19
Administrative services	5,000	4,986	4,780	206
Personnel	1,752	1,776	1,653	123
Housing and redevelopment	112	112	107	5
Non-departmental	966	996	851	145
Total general government	13,124	13,560	12,756	804
Public safety:				
Police	65,613	64,895	64,682	213
Fire	35,237	37,297	37,297	-
Housing and redevelopment	2,614	2,394	2,312	82
Total public safety	103,464	104,586	104,291	295

The note to the required supplementary information is an integral part of this schedule.

CITY OF STOCKTON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - ON A BUDGETARY BASIS

GENERAL FUND (Continued)

FOR THE YEAR ENDED JUNE 30, 2003

(Dollar amounts in thousands)

	Budget		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Public works:				
Administrative services	2,654	2,679	2,497	182
Public works	8,665	8,711	8,242	469
Total public works	11,319	11,390	10,739	651
Parks and recreation	7,243	7,364	7,327	37
Capital outlay	-	103	102	1
Debt service:				
Cost of issuance	-	-	287	(287)
Total expenditures	135,150	137,003	135,502	1,788
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES (BUDGETARY BASIS)	2,752	1,361	7,730	6,656
OTHER FINANCING SOURCES (USES):				
Transfers in	6,225	6,310	8,374	2,064
Transfers out	(10,193)	(26,931)	(26,824)	107
Proceeds of long-term debt	-	13,300	13,300	-
Sale of fixed assets	-	-	15	15
Discounts on debt issuances	-	-	(98)	(98)
Total other financing sources (uses)	(3,968)	(7,321)	(5,233)	2,088
NET CHANGE IN FUND BALANCE (BUDGETARY BASIS)	(1,216)	(5,960)	2,497	8,744
BASIS ADJUSTMENTS:				
Compensated absences	-	-	(524)	(524)
Encumbrances	-	-	978	978
NET CHANGE IN FUND BALANCE (GAAP BASIS)	(1,216)	(5,960)	2,951	9,198
FUND BALANCE, BEGINNING OF YEAR,	15,069	15,069	15,069	-
FUND BALANCE, END OF YEAR	\$ 13,853	\$ 9,109	\$ 18,020	\$ 9,198

The note to the required supplementary information is an integral part of this schedule.

CITY OF STOCKTON

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2003 (Dollar amounts in thousands)

1. DEFINED BENEFIT PENSION PLANS

The schedules of defined benefit pension plan funded status display a historical summary of the Entry Age Normal Accrued Liability, the Actuarial Value of Assets, the Unfunded Actuarial Accrued Liability ("UAAL") or Excess Assets, the Funded Ratio, the estimated annual covered payroll and the UAAL as a percentage of covered payroll for each of the City's defined benefit pension plans.

2. BUDGET

Budgetary Process

- In accordance with the provisions of the City Charter, the City prepares and adopts a budget on or before June 30 for each fiscal year. The General Fund, certain special revenue funds (Solid Waste and Recycling, Gas Tax, Measure K Sales Tax, City-County Library, Special Assessments, Other Special Revenue, Emergency Medical Transportation, Recreation Services, Development Services, and Special Projects) and certain capital projects funds (Public Facilities Impact Fees and Capital Improvement) have legally adopted annual budgets. Prior to July 1, the original adopted budget is legally enacted through the passage of a resolution by the City Council. In the event this does not occur, the manager's budget is in force until a budget is adopted by the City Council. The level of legal budgetary control by the City Council is established at the department level.
- Enterprise and internal service funds are accounted for on a cost of service (net income) or capital maintenance measurement focus. The City is not legally mandated to report the results of operations for these fund types on a budget comparison basis; therefore, budgetary data related to these funds has not been presented.
- If expenditures exceed appropriations, the City Manager is authorized to transfer budgeted amounts between line items within any department in the General Fund, and within any function in the special revenue and capital projects funds, however, any revisions that alter the total appropriations of any department or function, respectively, must be approved by the City Council. Supplemental appropriations are made during the year and are considered immaterial. Budgeted amounts in the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – On a Budgetary Basis include amendments for these supplemental appropriations.

CITY OF STOCKTON

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (Continued) FOR THE YEAR ENDED JUNE 30, 2003 (Dollar amounts in thousands)

2. BUDGET (Continued)

- Formal budgetary integration is employed as a management control device during the year for the General Fund and certain special revenue and capital projects funds. Formal budgetary integration is not employed for the debt service funds because effective budgetary control is alternatively achieved through bond indenture provisions.
- All unencumbered appropriations lapse at year-end, with the exception of some capital improvement projects and miscellaneous grants in the respective funds. Encumbered appropriations are re-appropriated in the following year's budget.

Budgetary Basis of Accounting

The City adopts budgets each fiscal year on a basis of accounting, which is different from accounting principles generally accepted in the United States of America (GAAP).

The statements of revenues, expenditures and changes in fund balances have been prepared on the modified accrual basis of accounting in accordance with GAAP. The schedules of revenues, expenditures and changes in fund balances – budget and actual – on a budgetary basis have been prepared on the budgetary basis, which is different from GAAP.

The variations from GAAP are that for budgetary purposes:

- Outstanding commitments relating to construction contracts and other purchases of goods and services are recorded as expenditures at the time contracts or purchase agreements are entered into. Under GAAP, these obligations are recognized when goods are received or services are rendered.
- Unbudgeted transfers to the internal service fund for termination payments are not recognized in the employee's home fund. Under GAAP, these transfers are reported on the various governmental fund statements of revenues, expenditures and changes in fund balances.

Certain funds of the City contain capital projects, grant projects, loan programs or other programs that are budgeted on a multi-year or project length basis. The amounts of the projects and programs budgeted on a multi-year basis are significant compared to the items budgeted on an annual basis; therefore, a comparison of budget to actual for the fund would not be meaningful. As a result, such funds are excluded from budgetary reporting.

This page intentionally blank.

**NONMAJOR
GOVERNMENTAL FUNDS**

NONMAJOR GOVERNMENTAL FUNDS

- Special revenue funds account for the proceeds of specific revenue sources that are restricted by law or administrative action to expenditures for specified purposes, other than those for major capital projects.
- Debt service funds account for the financial resources to be used for the repayment of principal and interest on general long-term debt.
- Capital projects funds account for the financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds.
- The permanent fund reports resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs.

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Grants

To account for miscellaneous, comparatively smaller grants, from federal and state governments, not otherwise established as a stand-alone special revenue fund.

Solid Waste and Recycling

To account for the administration of solid waste collection services, and planning and implementing solid waste reduction and recycling programs.

Gas Tax

To account for revenues and expenditures apportioned to the City under the Streets and Highway Code, Sections 2105, 2106, 2107 and 2107.5 of the State of California. Expenditures for administration, maintenance, and construction must be street-related. This fund includes Intermodal Surface Transportation Efficiency Act and SB325 Non-Transit revenues and Traffic Congestion Relief.

Measure K Sales Tax

To account for revenues and expenditures apportioned to the City for sales tax collections under Measure K. Expenditures for administration, maintenance and construction must be for street-related projects.

Cooperative Library

To account for federal and state grants to encourage the development, improvement, and expansion of the library system within the State of California. Parties to the agreement are neighboring cities, counties and other agencies.

City-County Library

To account for the public library system for the City of Stockton and San Joaquin County branch libraries. The libraries are funded in cooperation with San Joaquin County, which provides approximately 50% of the funding.

Special Assessments

To account for revenues and expenditures related to levies on property owners for special types of services - basic lighting, landscape, and stormwater drainage maintenance services.

Redevelopment Agency Loan

To account for loans extended to eligible, low and moderate income families.

Urban Development Action Grant

To account for federal grant and other resources, the purpose of which is to revitalize activities in the designated Urban Development Action Grant area.

SPECIAL REVENUE FUNDS (Continued)

Community Development Block Grant

To account for the annual federal grant that provides for development of viable urban community by providing a suitable living environment and expansion of economic opportunities, principally for low and moderate income residents.

Community Development Loan

To account for the City's Community Rehabilitation Loan program that provides adequate housing and suitable living environments for low and moderate income residents.

Special Grant and Loan Programs

To account for the City's Economic Development grant and loan programs that provide economic development in the downtown Stockton area.

Home Program

To account for the City's Home Program that provides adequate and affordable housing for low and very low income residents.

Emergency Medical Transportation

To account for the City's 911 emergency response ambulance transportation service provided by the Stockton Fire Department.

Recreation Services

To account for all recreation programs and facilities which provide a variety of recreational opportunities for the community.

Development Services

To account for development planning and project review services including land use entitlements, permit processing, and review/inspection of public improvements to ensure orderly physical growth and development of the City.

Special Projects Fund

To account for extraordinary operating costs, such as department head recruitment and special election costs.

Other Special Revenue

To account for comparatively smaller special revenue funds including Asset Seizure and Boat Launching Facilities.

DEBT SERVICE FUNDS

Mello-Roos Districts

To account for the accumulation of resources for, and the retirement of principal and interest on general long-term debt for Mello-Roos District bonds issued pursuant to the Mello-Roos Community Facilities Act of 1982.

1915 Act Assessment Districts

The fund established to account for the accumulation of resources for, and the retirement of, principal and interest on general long-term debt for 1915 Act Assessment District bonds.

Stockton Public Financing Authority

To account for the refunding of existing debt in various districts. Financing is provided by property owners through issuance of reassessment revenue bonds as provided in Mark-Roos Local Bond Pooling Act of 1985.

CAPITAL PROJECTS FUNDS

Mello-Roos Districts

To account for the acquisition and construction of facilities in various Mello-Roos districts. Financing is provided by property owners through the issuance of special tax bonds as provided for in the 1982 Mello-Roos Community Facilities Act.

1915 Act Assessment Districts

To account for the acquisition and construction of facilities in various districts. Improvement districts are financed by property owners through the issuance of special assessment bonds as provided in the Municipal Improvement Act of 1915.

Stockton Public Financing Authority

To account for the refunding of existing debt in various districts. Financing is provided by property owners through issuance of reassessment revenue bonds as provided in Mark-Roos Local Bond Pooling Act of 1985.

PERMANENT FUNDS

To account for assets that require the principal to remain intact, but allow earnings to be spent on designated arts, recreation, and library programs.

CITY OF STOCKTON

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2003

(Dollar amounts in thousands)

	Special Revenue		
	Special	Solid	Gas
	Grants	Waste & Recycling	Tax
ASSETS			
Cash and investments	\$ 293	\$ 1,233	\$ -
Cash and investments with fiscal agents	-	-	-
Restricted assets - cash and investments	-	-	-
Receivables:			
Interest	3	8	1
Taxes and special assessments	-	-	-
Accounts and other receivables	23	82	-
Due from other governments	1,410	-	1,475
Advances to other funds	-	-	-
Advances to property owners	-	-	-
Property held for resale	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 1,729</u>	<u>\$ 1,323</u>	<u>\$ 1,476</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts payable	\$ 104	\$ 13	\$ 264
Due to other funds	-	-	238
Due to other governments	-	-	-
Deposits and other liabilities	-	-	-
Deferred revenue	1,288	-	194
Advances from other funds	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>1,392</u>	<u>13</u>	<u>696</u>
FUND BALANCES (DEFICIT):			
Reserved for:			
Encumbrances	153	89	-
Advances	-	-	-
Debt service	-	-	-
Capital projects	-	-	-
Low- and moderate-income housing	-	-	-
Endowments	-	-	-
Other items	-	-	9
Unreserved:			
Designated for termination pay	-	-	-
Undesignated	184	1,221	771
	<u>184</u>	<u>1,221</u>	<u>771</u>
Total fund balances (deficit)	<u>337</u>	<u>1,310</u>	<u>780</u>
Total liabilities and fund balances (deficit)	<u>\$ 1,729</u>	<u>\$ 1,323</u>	<u>\$ 1,476</u>

Special Revenue						
Measure K Sales Tax	Cooperative Library	City- County Library	Special Assessments	Redevelopment Agency Loan	Urban Development Action Grant	Community Development Block Grant
\$ 8,521	\$ 12	\$ 2,872	\$ 2,523	\$ 607	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	3,047	-	-
51	-	-	-	-	-	(3)
-	-	-	-	-	-	-
-	-	6	-	1	-	-
2,521	-	-	-	-	-	127
-	-	-	-	-	4,686	10,250
-	-	-	-	8,005	-	-
-	-	-	-	-	-	108
<u>\$ 11,093</u>	<u>\$ 12</u>	<u>\$ 2,878</u>	<u>\$ 2,523</u>	<u>\$ 11,660</u>	<u>\$ 4,686</u>	<u>\$ 10,482</u>
\$ 881	\$ -	\$ 216	\$ 46	\$ 112	\$ -	\$ 78
-	-	-	-	-	-	242
-	-	146	-	-	-	-
-	-	-	-	-	-	2
962	11	-	-	-	-	-
-	-	-	-	-	-	-
<u>1,843</u>	<u>11</u>	<u>362</u>	<u>46</u>	<u>112</u>	<u>-</u>	<u>322</u>
77	-	332	86	-	-	306
-	-	-	-	8,005	4,686	10,250
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	496	-	-
-	-	-	-	-	-	-
44	-	-	184	3,047	-	131
-	-	132	-	-	-	-
<u>9,129</u>	<u>1</u>	<u>2,052</u>	<u>2,207</u>	<u>-</u>	<u>-</u>	<u>(527)</u>
<u>9,250</u>	<u>1</u>	<u>2,516</u>	<u>2,477</u>	<u>11,548</u>	<u>4,686</u>	<u>10,160</u>
<u>\$ 11,093</u>	<u>\$ 12</u>	<u>\$ 2,878</u>	<u>\$ 2,523</u>	<u>\$ 11,660</u>	<u>\$ 4,686</u>	<u>\$ 10,482</u>

(Continued)

CITY OF STOCKTON

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS (Continued)

JUNE 30, 2003

(Dollar amounts in thousands)

	Special Revenue		
	Community Development Loan	Special Grant and Loan Programs	Home Program
ASSETS			
Cash and investments	\$ 3,317	\$ 274	\$ 751
Cash and investments with fiscal agents	-	-	-
Restricted assets - cash and investments	1,157	-	417
Receivables:			
Interest	23	-	6
Taxes and special assessments	-	-	-
Accounts and other receivables	32	-	20
Due from other governments	-	-	-
Advances to other funds	564	-	-
Advances to property owners	16,690	-	12,854
Property held for resale	-	-	-
Total assets	<u>\$ 21,783</u>	<u>\$ 274</u>	<u>\$ 14,048</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts payable	\$ 65	\$ -	\$ 11
Due to other funds	-	-	-
Due to other governments	157	-	92
Deposits and other liabilities	-	-	-
Deferred revenue	-	-	-
Advances from other funds	-	-	-
Total liabilities	<u>222</u>	<u>-</u>	<u>103</u>
FUND BALANCES (deficit):			
Reserved for:			
Encumbrances	-	-	-
Advances	17,254	-	12,854
Debt service	-	-	-
Capital projects	-	-	-
Low- and moderate-income housing	-	-	-
Endowments	-	-	-
Other items	1,236	59	417
Unreserved:			
Designated for termination pay	-	-	-
Undesignated	3,071	215	674
Total fund balances (deficit)	<u>21,561</u>	<u>274</u>	<u>13,945</u>
Total liabilities and fund balances (deficit)	<u>\$ 21,783</u>	<u>\$ 274</u>	<u>\$ 14,048</u>

Special Revenue					Debt Service	
Emergency Medical Transportation	Recreation Services	Development Services	Special Projects Fund	Other Special Revenue	Mello- Roos Districts	1915 Act Assessment Districts
\$ -	\$ 392	\$ 2,924	\$ 1,552	\$ 1,133	\$ 12,988	\$ 7,091
-	-	-	-	-	7,071	2,737
-	-	-	-	-	-	-
(1)	-	-	-	6	69	30
-	-	-	-	-	153	359
831	38	45	-	1	-	104
-	-	-	-	116	-	13
-	-	-	-	-	-	-
-	-	-	-	571	-	-
-	-	-	-	-	-	-
<u>\$ 830</u>	<u>\$ 430</u>	<u>\$ 2,969</u>	<u>\$ 1,552</u>	<u>\$ 1,827</u>	<u>\$ 20,281</u>	<u>\$ 10,334</u>
\$ 39	\$ 91	\$ 150	\$ 1	\$ 105	\$ 42	\$ 23
-	-	-	-	-	-	-
-	-	-	-	-	7	53
-	9	-	-	116	-	3
-	271	-	-	464	153	359
1,992	-	-	-	28	-	-
<u>2,031</u>	<u>371</u>	<u>150</u>	<u>1</u>	<u>713</u>	<u>202</u>	<u>438</u>
515	59	1,845	2	18	7	7
-	-	-	-	571	-	-
-	-	-	-	-	20,040	9,869
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	247	32	-
-	-	-	-	-	-	-
(1,716)	-	974	1,549	278	-	20
<u>(1,201)</u>	<u>59</u>	<u>2,819</u>	<u>1,551</u>	<u>1,114</u>	<u>20,079</u>	<u>9,896</u>
<u>\$ 830</u>	<u>\$ 430</u>	<u>\$ 2,969</u>	<u>\$ 1,552</u>	<u>\$ 1,827</u>	<u>\$ 20,281</u>	<u>\$ 10,334</u>

(Continued)

CITY OF STOCKTON

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS (Continued)

JUNE 30, 2003

(Dollar amounts in thousands)

	Debt Service Stockton Public Financing Authority	Capital Projects Mello-Roos Districts	1915 Act Assessment Districts
ASSETS			
Cash and investments	\$ 1,057	\$ 5,660	\$ 3,464
Cash and investments with fiscal agents	4,178	10,641	6,735
Restricted assets - cash and investments	-	-	-
Receivables:			
Interest	(3)	18	32
Taxes and special assessments	-	-	-
Accounts and other receivables	-	-	-
Due from other governments	-	-	-
Advances to other funds	-	-	-
Advances to property owners	-	-	-
Property held for resale	-	-	-
Total assets	<u>\$ 5,232</u>	<u>\$ 16,319</u>	<u>\$ 10,231</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts payable	\$ 9	\$ 6	\$ -
Due to other funds	-	-	-
Due to other governments	-	-	-
Deposits and other liabilities	-	-	-
Deferred revenue	-	-	-
Advances from other funds	-	-	-
Total liabilities	<u>9</u>	<u>6</u>	<u>-</u>
FUND BALANCES (deficit):			
Reserved for:			
Encumbrances	-	9	-
Advances	-	-	-
Debt service	5,211	-	-
Capital projects	-	16,270	10,148
Low- and moderate-income housing	-	-	-
Endowments	-	-	-
Other items	12	34	83
Unreserved:			
Designated for termination pay	-	-	-
Undesignated	-	-	-
Total fund balances (deficit)	<u>5,223</u>	<u>16,313</u>	<u>10,231</u>
Total liabilities and fund balances (deficit)	<u>\$ 5,232</u>	<u>\$ 16,319</u>	<u>\$ 10,231</u>

Capital Projects Stockton Public Financing Authority	Permanent Miscellaneous	Total
\$ 7	\$ 1,690	\$ 58,361
296	-	31,658
-	-	4,621
-	8	248
-	-	512
-	-	1,183
-	-	5,662
-	-	15,500
-	-	38,120
-	-	108
<u>\$ 303</u>	<u>\$ 1,698</u>	<u>\$ 155,973</u>
\$ 2	\$ -	\$ 2,258
-	-	480
-	-	455
-	-	130
-	-	3,702
-	-	2,020
<u>2</u>	<u>-</u>	<u>9,045</u>
-	31	3,536
-	-	53,620
-	-	35,120
301	-	26,719
-	-	496
-	1,383	1,383
-	54	5,589
-	-	132
-	230	20,333
<u>301</u>	<u>1,698</u>	<u>146,928</u>
<u>\$ 303</u>	<u>\$ 1,698</u>	<u>\$ 155,973</u>

CITY OF STOCKTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2003 (Dollar amounts in thousands)

	Special Revenue		
	Special Grants	Solid Waste & Recycling	Gas Tax
REVENUES:			
Taxes:			
Sales and use	\$ -	\$ -	\$ -
Other	-	-	159
Licenses and permits			
Federal grants and subsidies	1,524	-	7,539
Other governmental	2,055	-	5,307
Charges for services	-	14	-
Use of money and property	-	-	-
Investment income:			
Interest income	37	50	52
Net decrease in fair value of investments	(3)	(4)	(11)
Refunds and reimbursements	40	515	-
Miscellaneous	-	-	-
Total revenues	<u>3,653</u>	<u>575</u>	<u>13,046</u>
EXPENDITURES:			
Current:			
General government	247	-	-
Public safety	1,844	-	-
Public works	11	1,157	-
Library	57	-	-
Parks and recreation	1,216	-	-
Capital outlay	109	-	8,927
Debt service:			
Principal retirement	-	-	-
Cost of issuance	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>3,484</u>	<u>1,157</u>	<u>8,927</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>169</u>	<u>(582)</u>	<u>4,119</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	54	-	-
Transfers out	(291)	-	(5,578)
Proceeds of long-term debt	-	-	-
Bond refundings	-	-	-
Discounts on debt issuances	-	-	-
Total other financing sources (uses)	<u>(237)</u>	<u>-</u>	<u>(5,578)</u>
NET CHANGE IN FUND BALANCES	(68)	(582)	(1,459)
FUND BALANCES, BEGINNING OF YEAR	<u>405</u>	<u>1,892</u>	<u>2,239</u>
FUND BALANCES (DEFICIT), END OF YEAR	<u>\$ 337</u>	<u>\$ 1,310</u>	<u>\$ 780</u>

Special Revenue						
Measure K Sales Tax	Cooperative Library	City- County Library	Special Assessments	Redevelopment Agency Loan	Urban Development Action Grant	Community Development Block Grant
\$ 3,378	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	64	-	-	-
-	-	-	-	-	-	5,037
6,582	145	4,144	-	-	-	-
-	199	205	1,304	-	-	-
-	-	-	-	-	-	-
225	-	-	-	-	-	-
(15)	-	-	-	-	-	1
-	-	38	-	-	-	-
-	-	-	10	-	-	-
10,170	344	4,387	1,378	-	-	5,038
-	-	-	71	-	-	-
-	-	-	-	-	-	-
-	-	-	738	-	-	-
-	343	9,651	-	-	-	-
-	-	-	41	-	-	-
8,623	-	75	-	-	-	3,441
-	-	-	-	-	-	430
-	-	-	-	-	-	-
-	-	-	-	-	-	389
8,623	343	9,726	850	-	-	4,260
1,547	1	(5,339)	528	-	-	778
-	-	5,720	-	6,500	-	-
(258)	-	-	-	-	-	(848)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(258)	-	5,720	-	6,500	-	(848)
1,289	1	381	528	6,500	-	(70)
7,961	-	2,135	1,949	5,048	4,686	10,230
\$ 9,250	\$ 1	\$ 2,516	\$ 2,477	\$ 11,548	\$ 4,686	\$ 10,160

(Continued)

CITY OF STOCKTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS (Continued) FOR THE YEAR ENDED JUNE 30, 2003 (Dollar amounts in thousands)

	Special Revenue		
	Community Development Loan	Special Grant and Loan Programs	Home Program
REVENUES:			
Taxes:			
Sales and use	\$ -	\$ -	\$ -
Other	-	-	-
Licenses and permits	-	-	-
Federal grants and subsidies	-	353	847
Other governmental	-	-	-
Charges for services	-	-	-
Use of money and property	185	-	60
Investment income:			
Interest income	-	4	20
Net decrease in fair value of investments	(9)	-	-
Refunds and reimbursements	-	-	-
Miscellaneous	-	-	-
Total revenues	<u>176</u>	<u>357</u>	<u>927</u>
EXPENDITURES:			
Current:			
General government	424	-	1
Public safety	-	-	-
Public works	-	-	-
Library	-	-	-
Parks and recreation	-	-	-
Capital outlay	-	-	169
Debt service:			
Principal retirement	-	-	-
Cost of issuance	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>424</u>	<u>-</u>	<u>170</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(248)</u>	<u>357</u>	<u>757</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	865	-	-
Transfers out	-	(353)	-
Proceeds of long-term debt	-	-	-
Bond refundings	-	-	-
Discounts on debt issuances	-	-	-
Total other financing sources (uses)	<u>865</u>	<u>(353)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	617	4	757
FUND BALANCES (DEFICIT), BEGINNING OF YEAR, RESTATED	<u>20,944</u>	<u>270</u>	<u>13,188</u>
FUND BALANCES (DEFICIT), END OF YEAR	<u>\$ 21,561</u>	<u>\$ 274</u>	<u>\$ 13,945</u>

Special Revenue					Debt Service	
Emergency Medical Transportation	Recreation Services	Development Services	Special Projects	Other Special Revenue	Mello- Roos Districts	1915 Act Assessment Districts
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	10,904	6,045
-	-	11,013	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	169	-	-
1,900	1,064	6,982	-	179	83	-
-	307	-	-	1	-	-
(17)	-	-	-	31	619	281
-	-	-	-	(3)	(24)	(1)
7	4	13	-	3	-	-
-	1	2	-	820	-	-
<u>1,890</u>	<u>1,376</u>	<u>18,010</u>	<u>-</u>	<u>1,200</u>	<u>11,582</u>	<u>6,325</u>
-	-	2,628	24	71	250	223
3,052	-	3,371	-	256	-	-
-	-	2,192	-	-	-	-
-	-	-	-	425	-	-
-	4,631	-	-	272	-	-
39	-	-	-	-	-	-
-	-	-	-	-	3,345	3,054
-	-	-	-	-	-	-
-	-	-	-	-	6,063	2,904
<u>3,091</u>	<u>4,631</u>	<u>8,191</u>	<u>24</u>	<u>1,024</u>	<u>9,658</u>	<u>6,181</u>
<u>(1,201)</u>	<u>(3,255)</u>	<u>9,819</u>	<u>(24)</u>	<u>176</u>	<u>1,924</u>	<u>144</u>
-	3,314	-	875	-	321	3,246
-	-	(7,000)	-	-	(910)	(5,023)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>3,314</u>	<u>(7,000)</u>	<u>875</u>	<u>-</u>	<u>(589)</u>	<u>(1,777)</u>
(1,201)	59	2,819	851	176	1,335	(1,633)
-	-	-	700	938	18,744	11,529
<u>\$ (1,201)</u>	<u>\$ 59</u>	<u>\$ 2,819</u>	<u>\$ 1,551</u>	<u>\$ 1,114</u>	<u>\$ 20,079</u>	<u>\$ 9,896</u>

(Continued)

CITY OF STOCKTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS (Continued) FOR THE YEAR ENDED JUNE 30, 2003 (Dollar amounts in thousands)

	Debt Service Stockton Public Financing Authority	Capital Projects Mello-Roos Districts	1915 Act Assessment Districts
REVENUES:			
Taxes:			
Sales and use	\$ -	\$ -	\$ -
Other	1,594	47	-
Licenses and permits	-	-	-
Federal grants and subsidies	-	-	-
Other governmental	-	-	-
Charges for services	-	-	-
Use of money and property	-	-	-
Investment income:			
Interest income	131	216	235
Net decrease in fair value of investments	1	(43)	(13)
Refunds and reimbursements	-	1	1,507
Miscellaneous	-	-	-
Total revenues	<u>1,726</u>	<u>221</u>	<u>1,729</u>
EXPENDITURES:			
Current:			
General government	54	30	-
Public safety	-	-	-
Public works	-	15,325	3,982
Library	-	-	-
Parks and recreation	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal retirement	2,825	-	-
Cost of issuance	-	98	598
Interest and fiscal charges	1,772	247	542
Total expenditures	<u>4,651</u>	<u>15,700</u>	<u>5,122</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,925)</u>	<u>(15,479)</u>	<u>(3,393)</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	10,996	910	1,925
Transfers out	(7,486)	(1,421)	(1,394)
Proceeds of long-term debt	-	6,300	18,490
Bond refundings	-	(6,415)	(10,790)
Discounts on debt issuances	-	(131)	(325)
Total other financing sources (uses)	<u>3,510</u>	<u>(757)</u>	<u>7,906</u>
NET CHANGE IN FUND BALANCES	585	(16,236)	4,513
FUND BALANCES (DEFICIT), BEGINNING OF YEAR, RESTATED	<u>4,638</u>	<u>32,549</u>	<u>5,718</u>
FUND BALANCES (DEFICIT), END OF YEAR	<u>\$ 5,223</u>	<u>\$ 16,313</u>	<u>\$ 10,231</u>

<u>Capital Projects</u>		<u>Permanent</u>	
Stockton Public			
Financing			
Authority	Miscellaneous	Total	
\$ -	\$ -	\$ 3,378	
-	-	18,813	
		11,013	
-	-	15,300	
-	-	18,402	
-	-	11,930	
-	-	553	
3	54	1,941	
-	8	(116)	
-	-	2,128	
-	-	833	
<u>3</u>	<u>62</u>	<u>84,175</u>	
4	53	4,080	
-	-	8,523	
-	-	23,405	
-	(1)	10,475	
-	3	6,163	
-	-	21,383	
-	-	9,654	
-	-	696	
-	-	11,917	
<u>4</u>	<u>55</u>	<u>96,296</u>	
(1)	7	(12,121)	
1,324	-	36,050	
(1,323)	-	(31,885)	
-	-	24,790	
-	-	(17,205)	
-	-	(456)	
<u>1</u>	<u>-</u>	<u>11,294</u>	
-	7	(827)	
<u>301</u>	<u>1,691</u>	<u>147,755</u>	
<u>\$ 301</u>	<u>\$ 1,698</u>	<u>\$ 146,928</u>	

CITY OF STOCKTON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - ON A BUDGETARY BASIS PUBLIC FACILITIES IMPACT FEES MAJOR CAPITAL PROJECTS FUND FOR THE YEAR ENDED JUNE 30, 2003 (Dollar amounts in thousands)

	Budget		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Other governmental	\$ 26	\$ 26	\$ -	\$ (26)
Charges for services	10,389	11,104	21,041	9,937
Use of money and property	-	-	314	314
Investment income:				
Interest income	2,160	2,228	1,784	(444)
Net decrease in fair value of investments	-	-	(122)	(122)
Total revenues	<u>12,575</u>	<u>13,358</u>	<u>23,017</u>	<u>9,659</u>
EXPENDITURES:				
Capital outlay:				
General government	913	1,917	1,505	412
Public safety	165	2,991	2,808	183
Public works	6,826	37,931	11,957	25,974
Library	1,150	1,706	398	1,308
Park and recreation	3,308	9,729	4,473	5,256
Total expenditures	<u>12,362</u>	<u>54,274</u>	<u>21,141</u>	<u>33,133</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES (BUDGETARY BASIS)	<u>213</u>	<u>(40,916)</u>	<u>1,877</u>	<u>42,792</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>(4)</u>	<u>(156)</u>	<u>(151)</u>	<u>5</u>
Total other financing sources (uses)	<u>(4)</u>	<u>(156)</u>	<u>(151)</u>	<u>5</u>
NET CHANGE IN FUND BALANCE (BUDGETARY BASIS)	209	(41,072)	1,726	42,797
BASIS ADJUSTMENTS:				
Encumbrances	<u>-</u>	<u>-</u>	<u>2,400</u>	<u>2,400</u>
NET CHANGE IN FUND BALANCE (GAAP BASIS)	209	(41,072)	4,126	45,197
FUND BALANCE, BEGINNING OF YEAR	<u>54,289</u>	<u>43,171</u>	<u>43,171</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 54,498</u>	<u>\$ 2,099</u>	<u>\$ 47,297</u>	<u>\$ 45,197</u>

CITY OF STOCKTON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - ON A BUDGETARY BASIS CAPITAL IMPROVEMENT MAJOR CAPITAL PROJECTS FUND FOR THE YEAR ENDED JUNE 30, 2003 (Dollar amounts in thousands)

	Budget		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Other	\$ 21	\$ 21	\$ 15	\$ (6)
Federal grants and subsidies	-	1,203	195	(1,008)
Other governmental	-	14,859	4,792	(10,067)
Fines and forfeitures	-	-	29	29
Use of money and property	-	-	395	395
Investment income:				
Interest income	506	559	764	205
Net decrease in fair value of investments	-	-	(41)	(41)
Refunds and reimbursements	-	-	91	91
Miscellaneous	403	175	832	657
Total revenues	930	16,817	7,072	(9,745)
EXPENDITURES:				
Capital outlay:				
General government	4,904	7,872	4,454	3,418
Public safety	1,253	6,070	4,729	1,341
Public works	56	8,086	4,117	3,969
Park and recreation	927	12,349	2,433	9,916
Total expenditures	7,140	34,377	15,733	18,644
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES (BUDGETARY BASIS)	(6,210)	(17,560)	(8,661)	8,899
OTHER FINANCING SOURCES (USES):				
Transfers in	4,447	16,067	16,132	65
Transfers out	(117)	(85)	(85)	-
Sale of fixed assets			704	704
Total other financing sources (uses)	4,330	15,982	16,751	769
NET CHANGE IN FUND BALANCE (BUDGETARY BASIS)	(1,880)	(1,578)	8,090	9,668
BASIS ADJUSTMENTS:				
Encumbrances	-	-	3,665	3,665
NET CHANGE IN FUND BALANCE (GAAP BASIS)	(1,880)	(1,578)	11,755	13,333
FUND BALANCE, BEGINNING OF YEAR	36,303	42,194	42,194	-
FUND BALANCE, END OF YEAR	\$ 34,423	\$ 40,616	\$ 53,949	\$ 13,333

CITY OF STOCKTON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - ON A BUDGETARY BASIS SOLID WASTE & RECYCLING NONMAJOR SPECIAL REVENUE FUND FOR THE YEAR ENDED JUNE 30, 2003 (Dollar amounts in thousands)

	Budget		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Charges for services	\$ 44	\$ 42	\$ 14	\$ (28)
Investment income:				
Interest income	110	66	50	(16)
Net decrease in fair value of investments	-	-	(4)	(4)
Refunds and reimbursements	385	385	515	130
Total revenues	539	493	575	82
EXPENDITURES:				
Current:				
Public works	1,177	1,310	1,246	64
Total expenditures	1,177	1,310	1,246	64
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES (BUDGETARY BASIS)	(638)	(817)	(671)	146
NET CHANGE IN FUND BALANCE (BUDGETARY BASIS)	(638)	(817)	(671)	146
BASIS ADJUSTMENTS:				
Encumbrances	-	-	89	89
NET CHANGE IN FUND BALANCE (GAAP BASIS)	(638)	(817)	(582)	235
FUND BALANCE, BEGINNING OF YEAR	-	1,892	1,892	-
FUND BALANCE, END OF YEAR	\$ (638)	\$ 1,075	\$ 1,310	\$ 235

CITY OF STOCKTON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL GAS TAX NONMAJOR SPECIAL REVENUE FUND FOR THE YEAR ENDED JUNE 30, 2003 (Dollar amounts in thousands)

	Budget		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Other	\$ 154	\$ 159	\$ 159	\$ -
Federal grants and subsidies	-	13,054	7,539	(5,515)
Other governmental	4,386	4,474	5,307	833
Investment income:				
Interest income	14	7	52	45
Net decrease in fair value of investments	-	-	(11)	(11)
Total revenues	<u>4,554</u>	<u>17,694</u>	<u>13,046</u>	<u>(4,648)</u>
EXPENDITURES:				
Capital outlay:				
Public works	<u>190</u>	<u>14,585</u>	<u>8,927</u>	<u>5,658</u>
Total expenditures	<u>190</u>	<u>14,585</u>	<u>8,927</u>	<u>5,658</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES (BUDGETARY BASIS)	<u>4,364</u>	<u>3,109</u>	<u>4,119</u>	<u>1,010</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>(4,353)</u>	<u>(4,438)</u>	<u>(5,578)</u>	<u>(1,140)</u>
Total other financing sources (uses)	<u>(4,353)</u>	<u>(4,438)</u>	<u>(5,578)</u>	<u>(1,140)</u>
NET CHANGE IN FUND BALANCE	11	(1,329)	(1,459)	(130)
FUND BALANCE, BEGINNING OF YEAR	<u>3,050</u>	<u>2,239</u>	<u>2,239</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 3,061</u>	<u>\$ 910</u>	<u>\$ 780</u>	<u>\$ (130)</u>

CITY OF STOCKTON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - ON A BUDGETARY BASIS MEASURE K SALES TAX NONMAJOR SPECIAL REVENUE FUND FOR THE YEAR ENDED JUNE 30, 2003 (Dollar amounts in thousands)

	Budget		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Sales and use	\$ 6,450	\$ 2,893	\$ 3,378	\$ 485
Other governmental	-	17,038	6,582	(10,456)
Investment income:				
Interest income	204	339	225	(114)
Net decrease in fair value of investments	-	-	(15)	(15)
Total revenues	<u>6,654</u>	<u>20,270</u>	<u>10,170</u>	<u>(10,100)</u>
EXPENDITURES:				
Capital outlay:				
Public works	<u>6,356</u>	<u>27,572</u>	<u>8,700</u>	<u>18,872</u>
Total expenditures	<u>6,356</u>	<u>27,572</u>	<u>8,700</u>	<u>18,872</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES (BUDGETARY BASIS)	<u>298</u>	<u>(7,302)</u>	<u>1,470</u>	<u>8,772</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>-</u>	<u>(258)</u>	<u>(258)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>(258)</u>	<u>(258)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE (BUDGETARY BASIS)	298	(7,560)	1,212	8,772
BASIS ADJUSTMENTS:				
Encumbrances	<u>-</u>	<u>-</u>	<u>77</u>	<u>77</u>
NET CHANGE IN FUND BALANCE (GAAP BASIS)	298	(7,560)	1,289	8,849
FUND BALANCE, BEGINNING OF YEAR	<u>6,885</u>	<u>7,961</u>	<u>7,961</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 7,183</u>	<u>\$ 401</u>	<u>\$ 9,250</u>	<u>\$ 8,849</u>

CITY OF STOCKTON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - ON A BUDGETARY BASIS CITY-COUNTY LIBRARY NONMAJOR SPECIAL REVENUE FUND FOR THE YEAR ENDED JUNE 30, 2003 (Dollar amounts in thousands)

	Budget		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Other governmental	\$ 4,154	\$ 4,440	\$ 4,144	\$ (296)
Charges for services	150	262	205	(57)
Refunds and reimbursements	29	41	38	(3)
Total revenues	<u>4,333</u>	<u>4,743</u>	<u>4,387</u>	<u>(356)</u>
EXPENDITURES:				
Current:				
Library	10,239	10,971	10,008	963
Capital outlay:				
Library	<u>750</u>	<u>1,265</u>	<u>50</u>	<u>1,215</u>
Total expenditures	<u>10,989</u>	<u>12,236</u>	<u>10,058</u>	<u>2,178</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES (BUDGETARY BASIS)	<u>(6,656)</u>	<u>(7,493)</u>	<u>(5,671)</u>	<u>1,822</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	<u>6,219</u>	<u>5,720</u>	<u>5,720</u>	<u>-</u>
Total other financing sources (uses)	<u>6,219</u>	<u>5,720</u>	<u>5,720</u>	<u>-</u>
NET CHANGE IN FUND BALANCE (BUDGETARY BASIS)	(437)	(1,773)	49	1,822
BASIS ADJUSTMENTS:				
Encumbrances	<u>-</u>	<u>-</u>	<u>332</u>	<u>332</u>
NET CHANGE IN FUND BALANCE (GAAP BASIS)	(437)	(1,773)	381	2,154
FUND BALANCE, BEGINNING OF YEAR	<u>1,635</u>	<u>2,135</u>	<u>2,135</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,198</u>	<u>\$ 362</u>	<u>\$ 2,516</u>	<u>\$ 2,154</u>

CITY OF STOCKTON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - ON A BUDGETARY BASIS SPECIAL ASSESSMENTS NONMAJOR SPECIAL REVENUE FUND FOR THE YEAR ENDED JUNE 30, 2003 (Dollar amounts in thousands)

	Budget		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Other	\$ 100	\$ -	\$ 64	\$ 64
Charges for services	-	1,182	1,304	122
Miscellaneous	-	-	10	10
Total revenues	100	1,182	1,378	196
EXPENDITURES:				
Current:				
General government	151		71	(71)
Public works	2	1,242	824	418
Parks and recreation		80	41	39
Total expenditures	153	1,322	936	386
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES (BUDGETARY BASIS)	(53)	(140)	442	582
NET CHANGE IN FUND BALANCE (BUDGETARY BASIS)	(53)	(140)	442	582
BASIS ADJUSTMENTS:				
Encumbrances	-	-	86	86
NET CHANGE IN FUND BALANCE (GAAP BASIS)	(53)	(140)	528	668
FUND BALANCE, BEGINNING OF YEAR	1,589	1,949	1,949	-
FUND BALANCE, END OF YEAR	\$ 1,536	\$ 1,809	\$ 2,477	\$ 668

CITY OF STOCKTON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL - ON A BUDGETARY BASIS EMERGENCY MEDICAL TRANSPORTATION NONMAJOR SPECIAL REVENUE FUND FOR THE YEAR ENDED JUNE 30, 2003 (Dollar amounts in thousands)

	Budget		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Other governmental	\$ 26	\$ -	\$ -	\$ -
Charges for services	156	4,671	1,900	(2,771)
Interest income	10	-	(17)	(17)
Refunds and reimbursements	3	-	7	7
Miscellaneous	669	-	-	-
	<u>864</u>	<u>4,671</u>	<u>1,890</u>	<u>(2,781)</u>
Total revenues				
EXPENDITURES:				
Current:				
General government	111	-	-	(3,390)
Public safety	324	4,367	3,390	4,367
Library	552	-	-	-
Parks and recreation	424	-	-	-
Capital outlay:				
Public safety		188	216	(28)
	<u>1,411</u>	<u>4,555</u>	<u>3,606</u>	<u>949</u>
Total expenditures				
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES (BUDGETARY BASIS)	<u>(547)</u>	<u>116</u>	<u>(1,716)</u>	<u>(1,832)</u>
NET CHANGE IN FUND BALANCE (BUDGETARY BASIS)	(547)	116	(1,716)	(1,832)
BASIS ADJUSTMENTS:				
Encumbrances	-	-	515	515
NET CHANGE IN FUND BALANCE (GAAP BASIS)	(547)	116	(1,201)	(1,317)
FUND BALANCE, BEGINNING OF YEAR,	<u>950</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND DEFICIT, END OF YEAR	<u>\$ 403</u>	<u>\$ 116</u>	<u>\$ (1,201)</u>	<u>\$ (1,317)</u>

CITY OF STOCKTON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - ON A BUDGETARY BASIS RECREATIONAL SERVICES NONMAJOR SPECIAL REVENUE FUND FOR THE YEAR ENDED JUNE 30, 2003 (Dollar amounts in thousands)

	Budget		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Other governmental	\$ 26	\$ -	\$ -	\$ -
Charges for services	156	1,172	1,064	(108)
Use of money and property		322	307	(15)
Investment income:				
Interest income	10	-	-	-
Refunds and reimbursements	3	25	4	(21)
Miscellaneous	669	-	1	1
	<u>864</u>	<u>1,519</u>	<u>1,376</u>	<u>(143)</u>
Total revenues				
EXPENDITURES:				
Current:				
General government	111	-	-	-
Public safety	324	-	-	-
Library	552	-	-	-
Parks and recreation	424	5,179	4,690	489
	<u>1,411</u>	<u>5,179</u>	<u>4,690</u>	<u>489</u>
Total expenditures				
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES (BUDGETARY BASIS)	<u>(547)</u>	<u>(3,660)</u>	<u>(3,314)</u>	<u>346</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	<u>-</u>	<u>8,492</u>	<u>3,314</u>	<u>(5,178)</u>
Total other financing sources (uses)	<u>-</u>	<u>8,492</u>	<u>3,314</u>	<u>(5,178)</u>
NET CHANGE IN FUND BALANCE (BUDGETARY BASIS)	<u>(547)</u>	<u>4,832</u>	<u>-</u>	<u>(4,832)</u>
BASIS ADJUSTMENTS:				
Encumbrances	<u>-</u>	<u>-</u>	<u>59</u>	<u>59</u>
NET CHANGE IN FUND BALANCE (GAAP BASIS)	<u>(547)</u>	<u>4,832</u>	<u>59</u>	<u>(4,773)</u>
FUND BALANCE, BEGINNING OF YEAR,	<u>950</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 403</u>	<u>\$ 4,832</u>	<u>\$ 59</u>	<u>\$ (4,773)</u>

CITY OF STOCKTON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - ON A BUDGETARY BASIS DEVELOPMENT SERVICES NONMAJOR SPECIAL REVENUE FUND FOR THE YEAR ENDED JUNE 30, 2003 (Dollar amounts in thousands)

	Budget		
	Original	Final	Actual
REVENUES:			
License and permits	\$ 26	\$ 2,799	\$ 11,013
Charges for services	156	4,764	6,982
Investment income:			
Interest income	10	-	-
Refunds and reimbursements	3	5	13
Miscellaneous	669	-	2
	<u>864</u>	<u>7,568</u>	<u>18,010</u>
Total revenues			
EXPENDITURES:			
Current:			
General government	111	4,071	2,628
Public safety	324	3,440	3,371
Public works	-	2,525	2,192
Library	552	-	-
Parks and recreation	424	-	-
	<u>1,411</u>	<u>10,036</u>	<u>8,191</u>
Total expenditures			
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES (BUDGETARY BASIS)	<u>(547)</u>	<u>(2,468)</u>	<u>9,819</u>
OTHER FINANCING SOURCES (USES):			
Transfers out	<u>-</u>	<u>(7,000)</u>	<u>(7,000)</u>
Total other financing sources (uses)	<u>-</u>	<u>(7,000)</u>	<u>(7,000)</u>
NET CHANGE IN FUND BALANCE (BUDGETARY BASIS)	(547)	(9,468)	2,819
NET CHANGE IN FUND BALANCE (GAAP BASIS)	(547)	(9,468)	2,819
FUND BALANCE, BEGINNING OF YEAR,	<u>950</u>	<u>-</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 403</u>	<u>\$ (9,468)</u>	<u>\$ 2,819</u>

CITY OF STOCKTON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - ON A BUDGETARY BASIS SPECIAL PROJECTS NONMAJOR SPECIAL REVENUE FUND FOR THE YEAR ENDED JUNE 30, 2003 (Dollar amounts in thousands)

	Budget		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Other governmental	\$ 26	\$ -	\$ -	\$ -
Charges for services	156	-	-	-
Interest income	10	-	-	-
Refunds and reimbursements	3	-	-	-
Miscellaneous	669	-	-	-
	<u>864</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>864</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES:				
Current:				
General government	111	1,575	24	1,551
Public safety	324	-	-	-
Library	552	-	-	-
Parks and recreation	424	-	-	-
	<u>1,411</u>	<u>1,575</u>	<u>24</u>	<u>1,551</u>
Total expenditures	<u>1,411</u>	<u>1,575</u>	<u>24</u>	<u>1,551</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES (BUDGETARY BASIS)	<u>(547)</u>	<u>(1,575)</u>	<u>(24)</u>	<u>1,551</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	<u>-</u>	<u>875</u>	<u>875</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>875</u>	<u>875</u>	<u>-</u>
NET CHANGE IN FUND BALANCE (BUDGETARY BASIS)	(547)	(700)	851	1,551
NET CHANGE IN FUND BALANCE (GAAP BASIS)	(547)	(700)	851	1,551
FUND BALANCE, BEGINNING OF YEAR,	<u>950</u>	<u>700</u>	<u>700</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 403</u>	<u>\$ -</u>	<u>\$ 1,551</u>	<u>\$ 1,551</u>

CITY OF STOCKTON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - ON A BUDGETARY BASIS OTHER SPECIAL REVENUE NONMAJOR SPECIAL REVENUE FUND FOR THE YEAR ENDED JUNE 30, 2003 (Dollar amounts in thousands)

	Budget		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Other governmental	\$ 26	\$ 967	\$ 169	\$ (798)
Charges for services	156	159	179	20
Use of money and property			1	1
Investment income:				
Interest income	10	15	31	16
Net decrease in fair value of investments	-	-	(3)	(3)
Refunds and reimbursements	3	3	3	-
Miscellaneous	669	845	820	(25)
Total revenues	864	1,989	1,200	(789)
EXPENDITURES:				
Current:				
General government	111	125	71	54
Public safety	324	469	259	210
Library	552	840	425	415
Parks and recreation	424	478	279	199
Total expenditures	1,411	1,912	1,034	878
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES (BUDGETARY BASIS)	(547)	77	166	89
NET CHANGE IN FUND BALANCE (BUDGETARY BASIS)	(547)	77	166	89
BASIS ADJUSTMENTS:				
Encumbrances	-	-	10	10
NET CHANGE IN FUND BALANCE (GAAP BASIS)	(547)	77	176	99
FUND BALANCE, BEGINNING OF YEAR,	950	1,638	938	(700)
FUND BALANCE, END OF YEAR	\$ 403	\$ 1,715	\$ 1,114	\$ (601)

This page intentionally blank.

NONMAJOR ENTERPRISE FUNDS

NONMAJOR ENTERPRISE FUNDS

The funds used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of City Council is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the City Council has decided that periodic determination of income is appropriate for accountability purposes.

NONMAJOR ENTERPRISE FUNDS

Solid Waste

To account for activities associated with the operation and maintenance, closure and post-closure of the Austin Road and French Camp landfill sites, and garden refuse collection.

Golf Courses

To account for activities associated with the improvement and operation and maintenance of Swenson, Van Buskirk and Lyons golf courses.

Central Parking District

To account for activities associated with the acquisition or construction, operation and maintenance of off-street parking facilities.

CITY OF STOCKTON

COMBINING STATEMENT OF NET ASSETS

- NONMAJOR ENTERPRISE FUNDS

JUNE 30, 2003

(Dollar amounts in thousands)

	Solid Waste	Golf Courses	Central Parking District	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 621	\$ 239	\$ 896	\$ 1,756
Receivables:				
Interest	3	-	9	12
Accounts and other receivables	354	43	98	495
Allowance for uncollectibles	(103)	-	-	(103)
Inventory of supplies	-	36	-	36
Total current assets	<u>875</u>	<u>318</u>	<u>1,003</u>	<u>2,196</u>
Noncurrent assets:				
Restricted assets:				
Cash and cash equivalents	-	-	158	158
Cash and cash equivalents with fiscal agents	-	-	45	45
Advances to other funds	-	-	672	672
Deferred charges	-	-	38	38
Capital assets, net:				
Nondepreciable	-	360	4,829	5,189
Depreciable, net	-	1,882	8,049	9,931
Total noncurrent assets	<u>-</u>	<u>2,242</u>	<u>13,791</u>	<u>16,033</u>
Total assets	<u>875</u>	<u>2,560</u>	<u>14,794</u>	<u>18,229</u>
LIABILITIES				
Current liabilities:				
Accounts payable	9	28	30	67
Deposits and other liabilities	-	-	105	105
Accrued interest	-	-	135	135
Compensated absences - current	111	83	7	201
Other long-term debt - current	-	-	6,038	6,038
Total current liabilities	<u>120</u>	<u>111</u>	<u>6,315</u>	<u>6,546</u>
Noncurrent liabilities:				
Advances from other funds	-	1,224	700	1,924
Compensated absences - long-term	309	128	24	461
Total noncurrent liabilities	<u>309</u>	<u>1,352</u>	<u>724</u>	<u>2,385</u>
Total liabilities	<u>429</u>	<u>1,463</u>	<u>7,039</u>	<u>8,931</u>
NET ASSETS				
Invested in capital assets, net of related debt	-	2,242	6,660	8,902
Restricted for debt service	-	-	53	53
Unrestricted	<u>446</u>	<u>(1,145)</u>	<u>1,042</u>	<u>343</u>
Total net assets	<u>\$ 446</u>	<u>\$ 1,097</u>	<u>\$ 7,755</u>	<u>\$ 9,298</u>

CITY OF STOCKTON

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS - NONMAJOR ENTERPRISE FUNDS FOR THE YEAR ENDED JUNE 30, 2003 (Dollar amounts in thousands)

	Solid Waste	Golf Courses	Central Parking District	Total
OPERATING REVENUES:				
Charges for services	\$ 2,223	\$ 1,768	\$ 2,645	\$ 6,636
Miscellaneous	71	721	-	792
Total operating revenues	2,294	2,489	2,645	7,428
OPERATING EXPENSES:				
Operation and maintenance	2,576	2,237	1,359	6,172
Depreciation and amortization	-	178	362	540
Total operating expenses	2,576	2,415	1,721	6,712
OPERATING INCOME (LOSS)	(282)	74	924	716
NON-OPERATING REVENUES (EXPENSES):				
Taxes	-	-	596	596
Investment income:				
Interest income	24	-	45	69
Net increase (decrease) in fair value of investments	(1)	-	(3)	(4)
Gain (loss) from disposal of property	-	-	(66)	(66)
Interest expense and fiscal charges	-	-	(473)	(473)
Total non-operating revenues (expenses)	23	-	99	122
INCOME (LOSS) BEFORE TRANSFERS	(259)	74	1,023	838
Transfers out	-	-	(858)	(858)
CHANGE IN NET ASSETS	(259)	74	165	(20)
NET ASSETS, BEGINNING OF YEAR,	705	1,023	7,590	9,318
NET ASSETS, END OF YEAR	\$ 446	\$ 1,097	\$ 7,755	\$ 9,298

CITY OF STOCKTON

COMBINING STATEMENT OF CASH FLOWS - NONMAJOR ENTERPRISE FUNDS FOR THE YEAR ENDED JUNE 30, 2003 (Dollar amounts in thousands)

	Solid Waste	Golf Courses	Central Parking District	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	\$ 2,249	\$ 2,451	\$ 2,602	\$ 7,302
Payments to suppliers	(238)	(829)	(1,007)	(2,074)
Payments to employees	(1,503)	(1,407)	(402)	(3,312)
Payments for interfund services used	(774)	(232)	-	(1,006)
Net cash provided by (used for) operating activities	(266)	(17)	1,193	910
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers out	-	-	(858)	(858)
Advances to other funds	-	-	(672)	(672)
Proceeds from taxes	-	-	596	596
Net cash used for noncapital financing activities	-	-	(934)	(934)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from sale of capital assets	-	-	736	736
Principal paid on capital debt	-	-	(210)	(210)
Purchases of capital assets	-	(25)	(675)	(700)
Interest paid on capital debt	-	-	(301)	(301)
Net cash used for capital and related financing activities	-	(25)	(450)	(475)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment earnings	31	-	41	72
NET DECREASE IN CASH AND CASH EQUIVALENTS	(235)	(42)	(150)	(427)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	856	281	1,249	2,386
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 621</u>	<u>\$ 239</u>	<u>\$ 1,099</u>	<u>\$ 1,959</u>

CITY OF STOCKTON

COMBINING STATEMENT OF CASH FLOWS - NONMAJOR ENTERPRISE FUNDS (Continued) FOR THE YEAR ENDED JUNE 30, 2003 (Dollar amounts in thousands)

	Solid Waste	Golf Courses	Central Parking District	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ (282)	\$ 74	\$ 924	\$ 716
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	-	178	362	540
Provision for uncollectible accounts	(13)	-	-	(13)
Changes in assets and liabilities:				
Accounts and other receivables	(32)	(38)	(43)	(113)
Deferred charges			(64)	(64)
Inventory of supplies	-	(36)	-	(36)
Accounts payable	7	(127)	8	(112)
Deposits and other liabilities	-	-	7	7
Compensated absences	54	(68)	(1)	(15)
Net cash provided (used) by operating activities	<u>\$ (266)</u>	<u>\$ (17)</u>	<u>\$ 1,193</u>	<u>\$ 910</u>
NONCASH TRANSACTIONS:				
Net increase (decrease) in fair value of investments	\$ (1)	\$ -	\$ (3)	\$ (4)
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS - NONMAJOR ENTERPRISE FUNDS:				
Cash and cash equivalents	\$ 621	\$ 239	\$ 896	\$ 1,756
Restricted assets:				
Cash and cash equivalents	-	-	158	158
Cash and cash equivalents with fiscal agents	-	-	45	45
Total cash and cash equivalents	<u>\$ 621</u>	<u>\$ 239</u>	<u>\$ 1,099</u>	<u>\$ 1,959</u>

This page intentionally blank.

INTERNAL SERVICE FUNDS

INTERNAL SERVICE FUNDS

The funds established to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, and to other government units on a cost reimbursement basis.

INTERNAL SERVICE FUNDS

Central Garage

The fund established to account for the financing, operating and maintenance of vehicles and similar equipment provided to City departments on a cost reimbursement basis.

Computer Equipment

To provide accounting of the financing, service and maintenance of all computer and related equipment to City departments on a cost reimbursement basis.

Radio Equipment

To account for the financing, service, and maintenance of radio equipment provided to various City departments on a cost reimbursement basis.

Other Equipment

The fund established to account for financing, operating and maintenance of other, comparatively smaller equipment funds on a cost reimbursement basis. Included are telephone, other office equipment and printing and mailing.

General Insurance

To account for premiums and claims paid, and administration of the fund established to provide general liability insurance coverage to City departments on a cost reimbursement basis.

Workers' Compensation Insurance

The fund established to account for workers' compensation premiums and claims paid, and administration of the fund on behalf of all City departments on a cost reimbursement basis.

Health Benefits Insurance

The fund established to account for health benefits insurance premiums and claims paid, and administration of the fund on behalf of all City departments on a cost reimbursement basis.

Other Insurance

To report, on a cost reimbursement basis, the premiums and claims paid, and administration of comparatively smaller insurance funds for long-term disability and life insurance, payments to CalPERS, and termination pay.

CITY OF STOCKTON

COMBINING STATEMENT OF NET ASSETS

- INTERNAL SERVICE FUNDS

JUNE 30, 2003

(Dollar amounts in thousands)

	Central Garage	Computer Equipment	Radio Equipment
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 4,229	\$ 5,669	\$ 2,600
Receivables:			
Accounts and other receivables	219	1	-
Allowance for uncollectibles	(152)	-	-
Total current assets	<u>4,296</u>	<u>5,670</u>	<u>2,600</u>
Noncurrent assets:			
Deferred charges	-	-	-
Capital assets, net:			
Depreciable, net	<u>8,144</u>	<u>1,861</u>	<u>1,566</u>
Total noncurrent assets	<u>8,144</u>	<u>1,861</u>	<u>1,566</u>
Total assets	<u>12,440</u>	<u>7,531</u>	<u>4,166</u>
LIABILITIES			
Current liabilities:			
Accounts payable	115	370	13
Due to other funds	-	-	-
Compensated absences - current	162	138	-
Self-insurance claims and judgments - current	-	-	-
Total current liabilities	<u>277</u>	<u>508</u>	<u>13</u>
Noncurrent liabilities:			
Compensated absences - long-term	266	91	-
Self-insurance claims and judgments - long-term	-	-	-
Total noncurrent liabilities	<u>266</u>	<u>91</u>	<u>-</u>
Total liabilities	<u>543</u>	<u>599</u>	<u>13</u>
NET ASSETS (DEFICIT)			
Invested in capital assets, net of related debt	8,144	1,861	1,566
Unrestricted (deficit)	<u>3,753</u>	<u>5,071</u>	<u>2,587</u>
Total net assets (deficit)	<u>\$ 11,897</u>	<u>\$ 6,932</u>	<u>\$ 4,153</u>

Other Equipment	General Insurance	Workers' Compensation Insurance	Health Benefits Insurance	Other Insurance	Total
\$ 3,651	\$ 2,371	\$ 4,793	\$ -	\$ 2,525	\$ 25,838
-	36	30	(20)	10	276
-	-	-	-	-	(152)
<u>3,651</u>	<u>2,407</u>	<u>4,823</u>	<u>(20)</u>	<u>2,535</u>	<u>25,962</u>
-	-	-	61	-	61
391	-	-	-	-	11,962
<u>391</u>	<u>-</u>	<u>-</u>	<u>61</u>	<u>-</u>	<u>12,023</u>
<u>4,042</u>	<u>2,407</u>	<u>4,823</u>	<u>41</u>	<u>2,535</u>	<u>37,985</u>
40	28	547	283	-	1,396
-	-	-	217	-	217
16	3	27	-	-	346
-	1,125	6,224	2,741	-	10,090
<u>56</u>	<u>1,156</u>	<u>6,798</u>	<u>3,241</u>	<u>-</u>	<u>12,049</u>
48	16	23	-	-	444
-	2,117	32,849	-	-	34,966
<u>48</u>	<u>2,133</u>	<u>32,872</u>	<u>-</u>	<u>-</u>	<u>35,410</u>
<u>104</u>	<u>3,289</u>	<u>39,670</u>	<u>3,241</u>	<u>-</u>	<u>47,459</u>
391	-	-	-	-	11,962
<u>3,547</u>	<u>(882)</u>	<u>(34,847)</u>	<u>(3,200)</u>	<u>2,535</u>	<u>(21,436)</u>
<u>\$ 3,938</u>	<u>\$ (882)</u>	<u>\$ (34,847)</u>	<u>\$ (3,200)</u>	<u>\$ 2,535</u>	<u>\$ (9,474)</u>

CITY OF STOCKTON

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS - INTERNAL SERVICE FUNDS FOR THE YEAR ENDED JUNE 30, 2003 (Dollar amounts in thousands)

	Central Garage	Computer Equipment	Radio Equipment
OPERATING REVENUES:			
Charges for services	<u>\$ 6,964</u>	<u>\$ 4,681</u>	<u>\$ 972</u>
OPERATING EXPENSES:			
Operation and maintenance	3,810	4,046	633
General and administrative	1,855	-	-
Depreciation and amortization	<u>1,818</u>	<u>615</u>	<u>192</u>
Total operating expenses	<u>7,483</u>	<u>4,661</u>	<u>825</u>
OPERATING INCOME (LOSS)	<u>(519)</u>	<u>20</u>	<u>147</u>
NON-OPERATING REVENUES (EXPENSES):			
Federal grants and subsidies	-	560	-
Other governmental	-	6	-
Investment income:			
Interest income	-	-	-
Net increase (decrease) in fair value of investments	-	-	-
Gain from disposal of property	102	(16)	(2)
Other non-operating revenues	<u>3</u>	<u>-</u>	<u>-</u>
Total non-operating revenues (expenses)	<u>105</u>	<u>550</u>	<u>(2)</u>
INCOME (LOSS) BEFORE TRANSFERS	(414)	570	145
Transfers in	258	271	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET ASSETS	(156)	841	145
NET ASSETS (DEFICIT), BEGINNING OF YEAR	<u>12,053</u>	<u>6,091</u>	<u>4,008</u>
NET ASSETS (DEFICIT), END OF YEAR	<u><u>\$ 11,897</u></u>	<u><u>\$ 6,932</u></u>	<u><u>\$ 4,153</u></u>

Other Equipment	General Insurance	Workers' Compensation Insurance	Health Benefits Insurance	Other Insurance	Total
<u>\$ 2,132</u>	<u>\$ 4,463</u>	<u>\$ 9,219</u>	<u>\$ 15,772</u>	<u>\$ 19,592</u>	<u>\$ 63,795</u>
1,136	1,270	23,464	21,905	18,786	75,050
-	676	1,857	342	-	4,730
<u>108</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,733</u>
<u>1,244</u>	<u>1,946</u>	<u>25,321</u>	<u>22,247</u>	<u>18,786</u>	<u>82,513</u>
<u>888</u>	<u>2,517</u>	<u>(16,102)</u>	<u>(6,475)</u>	<u>806</u>	<u>(18,718)</u>
-	-	-	-	-	560
-	-	-	-	-	6
-	74	164	(33)	69	274
-	(6)	(12)	3	(4)	(19)
(274)	-	-	-	-	(190)
<u>-</u>	<u>-</u>	<u>61</u>	<u>1,657</u>	<u>-</u>	<u>1,721</u>
<u>(274)</u>	<u>68</u>	<u>213</u>	<u>1,627</u>	<u>65</u>	<u>2,352</u>
614	2,585	(15,889)	(4,848)	871	(16,366)
-	-	-	3,300	524	4,353
<u>(150)</u>	<u>(1,850)</u>	<u>-</u>	<u>-</u>	<u>(1,300)</u>	<u>(3,300)</u>
464	735	(15,889)	(1,548)	95	(15,313)
<u>3,474</u>	<u>(1,617)</u>	<u>(18,958)</u>	<u>(1,652)</u>	<u>2,440</u>	<u>5,839</u>
<u>\$ 3,938</u>	<u>\$ (882)</u>	<u>\$ (34,847)</u>	<u>\$ (3,200)</u>	<u>\$ 2,535</u>	<u>\$ (9,474)</u>

CITY OF STOCKTON

COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS FOR THE YEAR ENDED JUNE 30, 2003 (Dollar amounts in thousands)

	Central Garage	Computer Equipment	Radio Equipment
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers and users	\$ 84	\$ 8	\$ -
Receipts from interfund service providers	6,851	4,676	972
Payments to suppliers	(3,545)	(2,382)	(557)
Payments to employees	(2,507)	(1,782)	(112)
Net cash provided by (used for) operating activities	883	520	303
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in	258	271	-
Transfers out	-	-	-
Advances from other funds			
Other non-operating revenues	3	-	-
Other governmental	-	330	-
Federal grants and subsidies	-	560	-
Net cash provided by (used for) noncapital financing activities	261	1,161	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from sale of capital assets	136	2	1
Purchases of capital assets	(1,555)	(746)	(351)
Net cash used for capital and related financing activities	(1,419)	(744)	(350)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment earnings	-	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(275)	937	(47)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	4,504	4,732	2,647
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 4,229	\$ 5,669	\$ 2,600

Other Equipment	General Insurance	Workers' Compensation Insurance	Health Benefits Insurance	Other Insurance	Total
\$ -	\$ 922	\$ 75	\$ 49	\$ -	\$ 1,138
2,132	3,601	9,181	15,724	19,596	62,733
(782)	(2,474)	5,093	(21,275)	(15,865)	(41,787)
(334)	(23)	(15,763)	(516)	(3,495)	(24,532)
<u>1,016</u>	<u>2,026</u>	<u>(1,414)</u>	<u>(6,018)</u>	<u>236</u>	<u>(2,448)</u>
-	-	-	3,300	524	4,353
(150)	(1,850)	-	-	(1,300)	(3,300)
-	-	61	217	-	217
-	-	-	1,657	-	1,721
-	-	-	-	-	330
-	-	-	-	-	560
<u>(150)</u>	<u>(1,850)</u>	<u>61</u>	<u>5,174</u>	<u>(776)</u>	<u>3,881</u>
13	-	-	-	-	152
(75)	-	-	-	-	(2,727)
<u>(62)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,575)</u>
-	68	152	(30)	65	255
804	244	(1,201)	(874)	(475)	(887)
<u>2,847</u>	<u>2,127</u>	<u>5,994</u>	<u>874</u>	<u>3,000</u>	<u>26,725</u>
<u>\$ 3,651</u>	<u>\$ 2,371</u>	<u>\$ 4,793</u>	<u>\$ -</u>	<u>\$ 2,525</u>	<u>\$ 25,838</u>

CITY OF STOCKTON

COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS (Continued) FOR THE YEAR ENDED JUNE 30, 2003 (Dollar amounts in thousands)

	Central Garage	Computer Equipment	Radio Equipment
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ (519)	\$ 20	\$ 147
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	1,818	615	192
Provision for uncollectible accounts	6		
Landfill closure/postclosure			
Self-insurance			
Changes in assets and liabilities:			
Accounts and other receivables	(35)	3	
Prepaid expenses			
Due from other governments			
Inventory of supplies			
Loans receivable			
Advances to other funds			
Accounts payable	(379)	(47)	(36)
Accrued payroll and benefits			
Due to other governments			
Deposits and other liabilities			
Compensated absences	(8)	(71)	-
Deferred revenue			
Advances from other governments			
Net cash provided (used) by operating activities	<u>\$ 883</u>	<u>\$ 520</u>	<u>\$ 303</u>
NONCASH TRANSACTIONS:			
Net increase (decrease) in fair value of investments	\$ -	\$ -	\$ -

Other Equipment	General Insurance	Workers' Compensation Insurance	Health Benefits Insurance	Other Insurance	Total
\$ 888	\$ 2,517	\$ (16,102)	\$ (6,475)	\$ 806	\$ (18,718)
108	-	-	-	-	2,733 6
	(567)	14,127	318		13,878
	60	37	1	4	70
21	15	527	138	(574)	(335)
(1)	1	(3)	-	-	(82)
\$ 1,016	\$ 2,026	\$ (1,414)	\$ (6,018)	\$ 236	\$ (2,448)
-	-	-	-	-	-
\$ -	\$ (6)	\$ (12)	\$ 3	\$ (4)	(19)

This page intentionally blank.

AGENCY FUND

AGENCY FUND

To account for all resources received by the City while acting as a fiscal agent.

CITY OF STOCKTON

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND

JUNE 30, 2003

(Dollar amounts in thousands)

	July 1, 2002	Additions	Deletions	June 30, 2003
ASSETS				
Cash and temporary investments	\$ 9,723	\$ 42,422	\$ 38,612	\$ 13,533
Receivables:				
Interest	94	-	94	-
Accounts and other receivables	72	6,006	5,897	181
Due from other governments	34	-	34	-
Total assets	<u>\$ 9,923</u>	<u>\$ 48,428</u>	<u>\$ 44,637</u>	<u>\$ 13,714</u>
LIABILITIES				
Accounts payable	\$ 39	\$ 10,602	\$ 10,664	\$ 101
Due to other governments	2,814	9,668	10,501	3,647
Deposits and other liabilities	7,070	29,380	32,276	9,966
Total liabilities	<u>\$ 9,923</u>	<u>\$ 49,650</u>	<u>\$ 53,441</u>	<u>\$ 13,714</u>

The notes to the financial statements are an integral part of this statement.

This page intentionally blank.

**CAPITAL ASSETS
USED IN THE OPERATION
OF GOVERNMENTAL FUNDS**

This page intentionally blank.

CITY OF STOCKTON

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS COMPARATIVE SCHEDULE BY SOURCE JUNE 30, 2003 (With comparative totals for June 30, 2002) (Dollar amounts in thousands)

	2003	2002
GOVERNMENTAL FUNDS CAPITAL ASSETS:		
Land	\$ 27,142	\$ 22,243
Buildings and improvements	51,792	49,095
Infrastructure	230,171	193,485
Equipment	1,214	1,001
Public art collections	32	32
Construction in progress	184,057	164,244
Total	<u>\$ 494,408</u>	<u>\$ 430,100</u>
INVESTMENTS IN GOVERNMENTAL FUND CAPITAL ASSETS BY SOURCE:		
General Fund	\$ 708	\$ 606
Special revenue funds	16,555	16,031
Capital projects funds	248,651	203,129
Donations	228,494	210,334
Total	<u>\$ 494,408</u>	<u>\$ 430,100</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

CITY OF STOCKTON

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

SCHEDULE BY FUNCTION

JUNE 30, 2003

(Dollar amounts in thousands)

	Land	Buildings and Improvements	Infrastructure	Equipment	Public Art Collections	Construction in Progress	Total
General government	\$ 357	\$ 4,753	\$ -	\$ 47	\$ -	\$ -	\$ 5,157
Public safety	2,984	9,733	-	868	-	-	13,585
Public works	1,459	2,014	211,393	63	-	-	214,929
Library	1,295	6,831	-	-	-	-	8,126
Parks and recreation	9,290	27,348	618	229	32	-	37,517
Other property	2,081	-	18,160	7	-	-	20,248
Redevelopment Agency	9,676	1,113	-	-	-	-	10,789
Construction in progress	-	-	-	-	-	184,057	184,057
Total	<u>\$ 27,142</u>	<u>\$ 51,792</u>	<u>\$ 230,171</u>	<u>\$ 1,214</u>	<u>\$ 32</u>	<u>\$ 184,057</u>	<u>\$ 494,408</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

CITY OF STOCKTON

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS SCHEDULE OF CHANGES BY FUNCTION FOR THE YEAR ENDED JUNE 30, 2003 (Dollar amounts in thousands)

	Balance 7/1/02	Additions	Deductions	Transfers & Adjustments	Balance 6/30/03
General government	\$ 5,161	\$ 1	\$ 5		\$ 5,157
Public safety	11,789	1,871	75		13,585
Public works	195,013	19,916	-		214,929
Library	7,953	173	-		8,126
Parks and recreation	33,354	4,163	-		37,517
Other property	2,088	18,160	-		20,248
Redevelopment Agency	10,498	291	-		10,789
Construction in progress	164,244	42,846	23,033		184,057
Total	<u>\$ 430,100</u>	<u>\$ 87,421</u>	<u>\$ 23,113</u>	<u>\$ -</u>	<u>\$ 494,408</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

This page intentionally blank.

STATISTICAL SECTION

The statistical section is presented for the purpose of additional analysis and contains data that may provide the viewer with valuable insight regarding the demographics and financial position of the City.

CITY OF STOCKTON

TABLE 1
GOVERNMENT-WIDE EXPENSES BY FUNCTION
LAST TEN FISCAL YEARS
(Dollar amounts in thousands)

Fiscal Year	General Govern- ment	Public Safety	Public Works	Library	Parks and Rec- reation	Interest & Fiscal Charges	Water Utility	Sanitary Waste- water Utility	Storm- water Utility	Other	Total
2002	\$ 16,844	\$ 106,062	\$ 37,260	\$ 11,475	\$ 16,203	\$ 11,186	\$ 13,742	\$ 25,743	\$ 4,612	\$ 6,876	\$ 250,003
2003	\$ 15,454	\$ 126,815	\$ 46,031	\$ 11,594	\$ 15,397	\$ 11,954	\$ 14,672	\$ 29,427	\$ 5,657	\$ 7,251	\$ 284,252

Note: Information is available beginning in fiscal year 2002, when the City implemented GASB 34 "Basic Financial Statements - and Managements Discussion and Analysis - for State and Local Governments."

Source: City of Stockton Administrative Services Department

CITY OF STOCKTON

TABLE 2
GOVERNMENT-WIDE REVENUES
LAST TEN FISCAL YEARS
(Dollar amounts in thousands)

Fiscal Year	Charges for Services	Operating Grants & Contributions	Capital Grants and Contributions	Taxes	Grants and Contributions Not Restricted to Specific Programs	Investment Earnings	Gain on Sale of Capital Assets	Misc.	Total
2002	\$ 97,464	\$ 8,950	\$ 43,478	\$ 121,822	\$ 22,428	\$ 13,808	\$ 99	\$ 4,047	\$ 312,096
2003	\$ 124,376	\$ 8,741	\$ 86,679	\$ 128,208	\$ 18,602	\$ 9,362	\$ 449	\$ 2,896	\$ 379,313

Note: Information is available beginning in fiscal year 2002, when the City implemented GASB 34 "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments."

Source: City of Stockton Administrative Services Department

CITY OF STOCKTON

TABLE 3
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION
LAST TEN FISCAL YEARS
(Dollar amounts in thousands)

Fiscal Year	General Government	Public Safety	Public Works	Library	Parks and Recreation	Capital Outlay	Debt Service	Total (1)
1994	\$ 9,806	\$ 63,283	\$ 9,393	\$ 7,225	\$ 8,048	\$ 25,554	\$ 34,280	\$ 157,589 <i>157,589</i>
1995	10,356	67,433	9,359	7,015	8,148	23,970	18,569	144,850 <i>141,413</i>
1996	11,131	69,566	10,912	6,908	7,932	20,098	17,636	144,183 <i>137,587</i>
1997	11,038	77,107	11,264	7,526	8,300	37,214	18,470	170,919 <i>158,207</i>
1998	11,037	79,432	11,152	7,619	8,905	29,315	16,439	163,899 <i>146,667</i>
1999	11,370	80,296	10,059	8,187	9,449	32,199	15,791	167,351 <i>144,265</i>
2000	13,128	85,400	12,183	8,571	10,461	49,950	15,051	194,744 <i>161,036</i>
2001	14,440	91,226	12,721	9,358	11,898	65,957	19,062	224,662 <i>174,293</i>
2002	16,182	102,626	15,206	10,403	13,433	60,652	18,570	237,072 <i>181,731</i>
2003	16,321	112,668	33,987	10,475	13,330	60,390	22,574	269,745 <i>203,511</i>

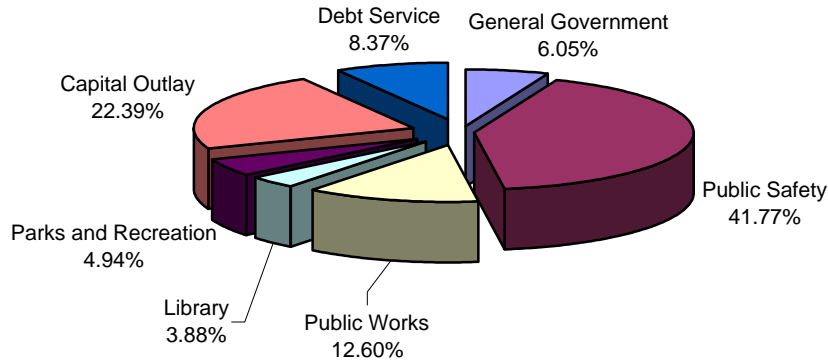
Note: General Governmental Expenditures includes General, Special Revenue, Debt Service, Capital Projects, Permanent Funds.

(1) Italicized numbers represent "constant dollars" based on the annual average (June to July) Consumer Price Index (CPI) for all urban consumers utilizing June, 1994 as the base period (100%). Data provided by the United States Department of Labor, Bureau of Labor Statistics.

Source: City of Stockton Administrative Services Department
US Department of Labor, Bureau of Labor Statistics

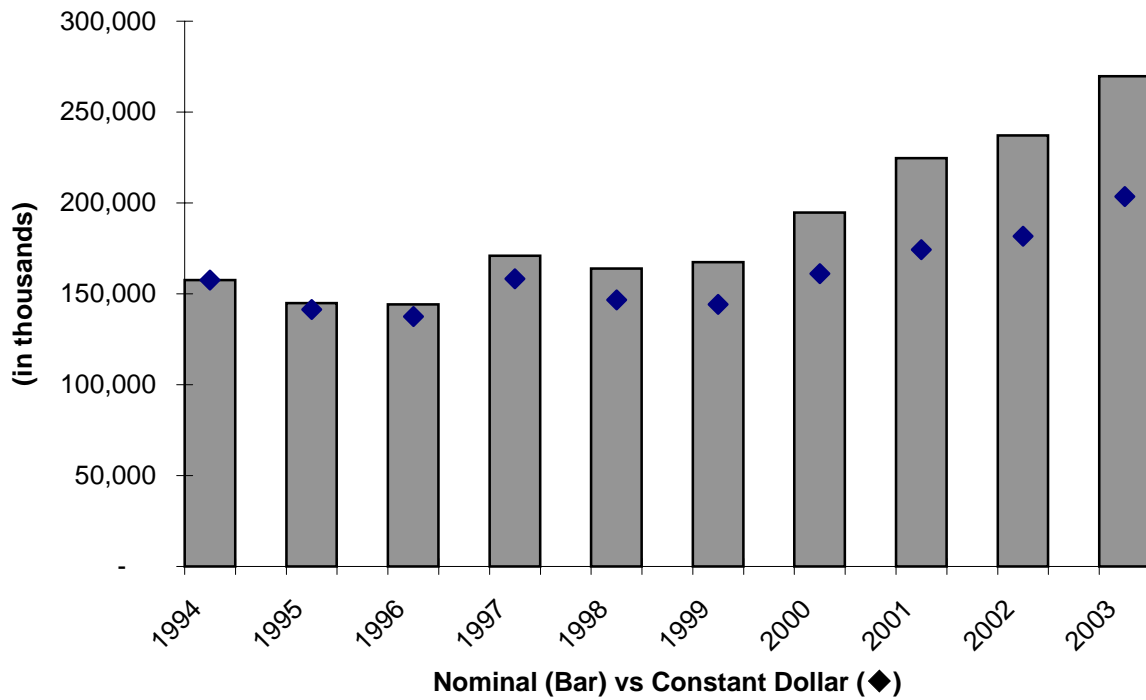
General Governmental Expenditures

By Function
(in thousands)



General Governmental Expenditures

Last Ten Fiscal Years



CITY OF STOCKTON

TABLE 4
GENERAL GOVERNMENTAL REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(Dollar amounts in thousands)

Fiscal Year	Taxes	Licenses & Permits	Federal Grants & Subsidies	Other Governmental	Charges for Services	Fines & Forfeitures	Use of Money & Property	Investment Income (1)	Refunds & Reimbursements	Misc.	Total (2)
1994	89,530	2,217	3,301	16,557	14,033	632	4,673	-	2,065	4,060	137,068
											<i>137,068</i>
1995	90,481	2,127	6,583	16,898	13,482	575	5,656	-	1,783	3,874	141,459
											<i>138,102</i>
1996	89,402	2,281	9,943	17,977	16,051	612	6,809	-	6,611	5,017	154,703
											<i>147,626</i>
1997	91,381	2,064	12,996	18,657	16,789	545	1,373	5,861	5,717	4,221	159,604
											<i>147,733</i>
1998	93,902	2,337	13,269	26,275	19,051	511	2,170	5,596	988	5,226	169,325
											<i>151,523</i>
1999	97,719	2,507	11,838	24,804	20,665	899	1,701	4,501	7,098	5,870	177,602
											<i>153,102</i>
2000	103,000	3,333	8,535	38,588	26,044	1,115	1,467	5,494	1,250	6,908	195,734
											<i>161,855</i>
2001	117,181	3,758	18,073	40,706	26,557	1,445	1,416	11,893	2,822	5,182	229,033
											<i>177,684</i>
2002	121,448	5,493	9,188	42,250	32,117	1,552	1,806	7,401	3,310	6,661	231,226
											<i>177,249</i>
2003	127,778	11,444	15,598	40,025	43,181	1,490	2,011	5,055	4,864	8,791	260,237
											<i>196,338</i>

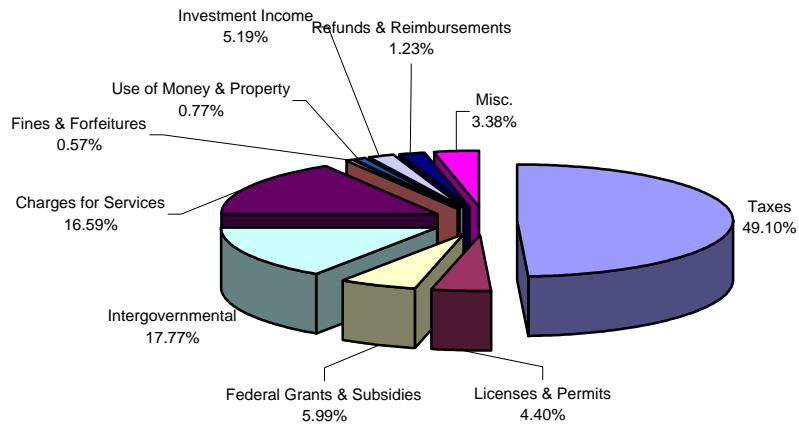
Note: General Governmental Revenues includes General, Special Revenue, Debt Service, Capital Projects, and Permanent Funds.

- (1) The recognition of fair value as an element of investment income, beginning in fiscal year 1997 (as restated) is a result of the implementation of GASB 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools".
- (2) Italicized numbers represent "constant dollars" based on annual average (June to July) Consumer Price Index (CPI) for all urban consumers utilizing June, 1994 as the base period (100%). Data provided by the United States Department of Labor, Bureau of Labor Statistics.

Source: City of Stockton Administrative Services Department
 US Department of Labor, Bureau of Labor Statistics

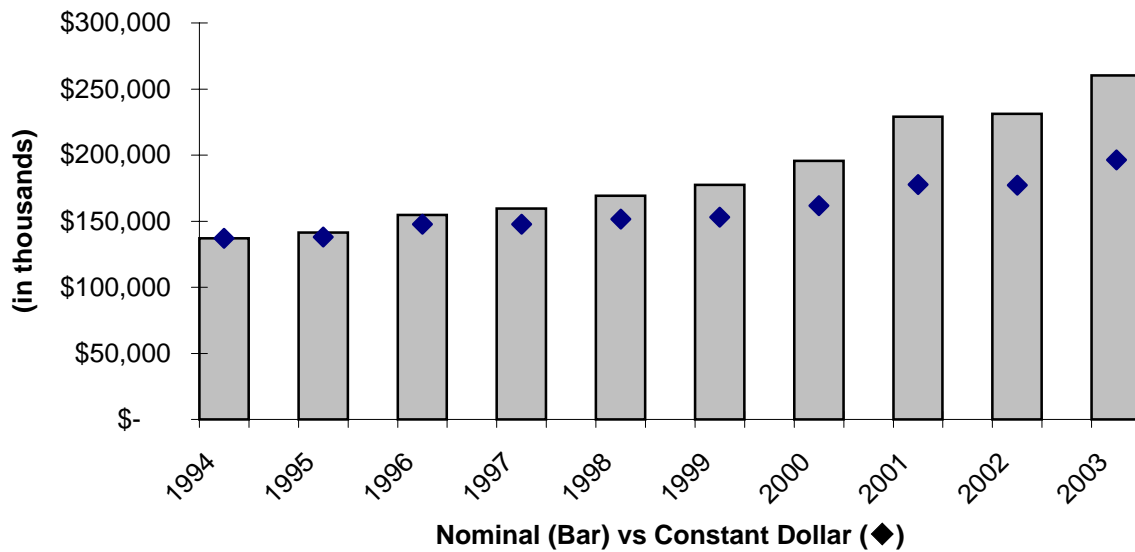
General Governmental Revenues

By Source
(in thousands)



General Governmental Revenues

Last Ten Fiscal Years



CITY OF STOCKTON

TABLE 4A
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(Dollar amounts in thousands)

Fiscal Year	OTHER										Total (1)
	Property	Utility	Sales & Use	Franchise	Business License	Transient Occupancy	Document Transfer	Special Assmts.	Transit	Misc.	
1994	18,841	20,466	22,416	3,203	4,820	1,044	1,469	17,253	-	18	89,530
											<i>89,530</i>
1995	15,684	21,706	22,984	3,935	4,927	1,121	1,395	18,470	176	83	90,481
											<i>88,334</i>
1996	16,207	21,141	23,710	3,350	4,964	1,106	1,230	17,439	-	255	89,402
											<i>85,312</i>
1997	15,820	22,271	23,983	3,951	5,459	1,136	1,391	17,160	192	18	91,381
											<i>84,585</i>
1998	16,270	22,994	25,290	4,056	5,244	1,280	1,689	16,945	114	20	93,902
											<i>84,030</i>
1999	16,747	24,160	27,265	4,630	5,714	1,385	1,095	16,591	111	21	97,719
											<i>84,239</i>
2000	17,584	25,468	31,722	4,222	6,133	1,559	478	15,680	134	20	103,000
											<i>85,172</i>
2001	18,997	31,188	36,323	5,255	6,643	1,994	692	15,877	154	20	117,143
											<i>90,879</i>
2002	20,742	31,462	35,812	5,364	6,897	2,005	777	18,135	188	66	121,448
											<i>93,098</i>
2003	23,449	32,157	36,628	5,623	8,065	2,048	1,043	18,591	159	15	127,778
											<i>96,403</i>

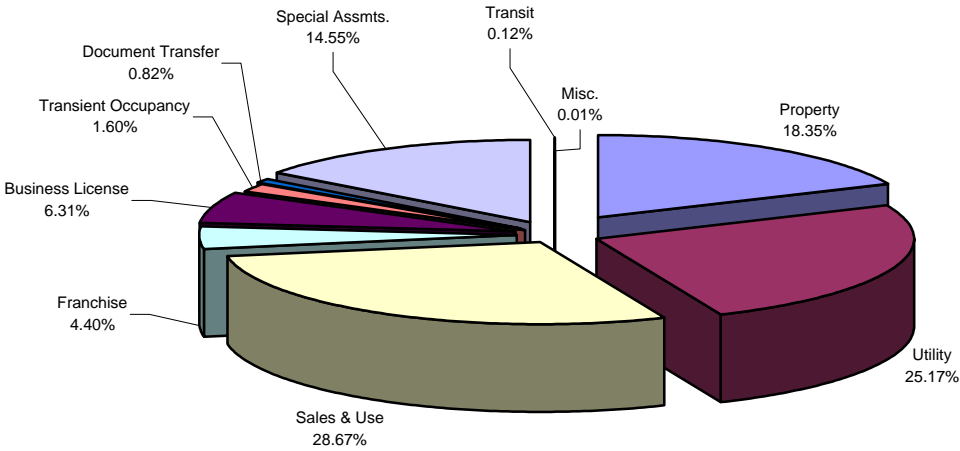
Note: General Governmental Revenues includes General, Special Revenue, Debt Service, Capital Projects, and Permanent Funds.

(1) Italicized numbers represent “constant dollars” based on the annual average (June – July) Consumer Price Index (CPI) for all urban consumers utilizing June, 1994 as the base period (100%). Data provided by the United States Department of Labor, Bureau of Labor Statistics.

Source: City of Stockton Administrative Services Department
US Department of Labor, Bureau of Labor Statistics

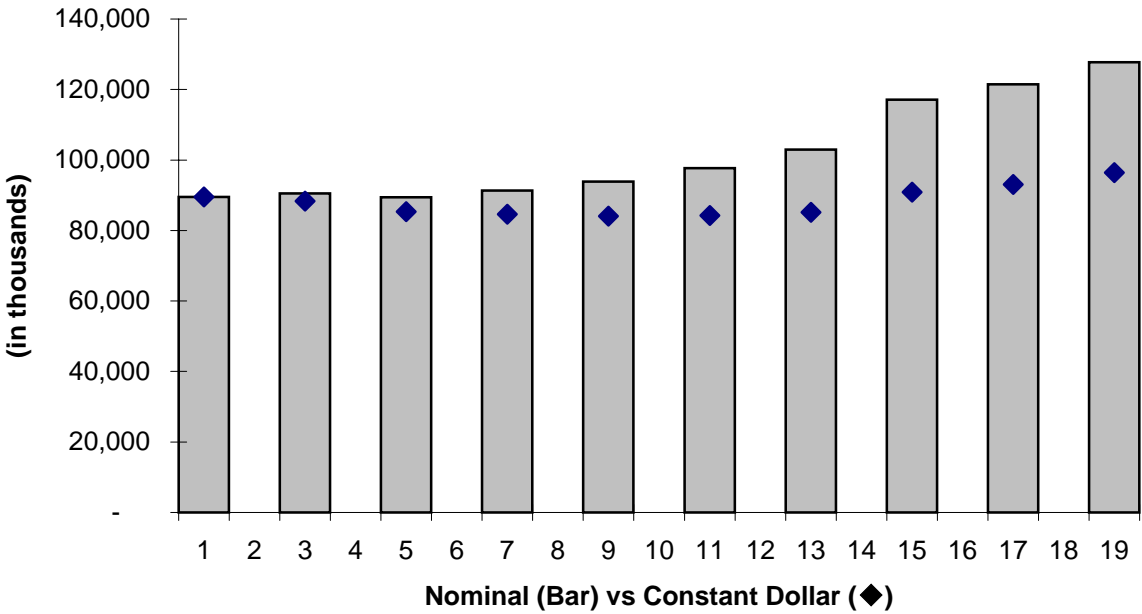
General Governmental Tax Revenues

By Source
(in thousands)



Total Governmental Tax

Last Ten Fiscal Years



CITY OF STOCKTON

TABLE 5
SECURED PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Dollar amounts in thousands)

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected (1)	Delinquent Tax Collections	Total Tax Collections	Percent of Total Collections to Tax Levy
1994	14,959	13,237	88.49	2,319	15,556	103.99 %
1995	13,539	13,146	97.10	-	13,146	97.10
1996	13,763	13,763	100.00	-	13,763	100.00
1997	13,626	13,626	100.00	-	13,626	100.00
1998	14,268	14,268	100.00	-	14,268	100.00
1999	14,518	14,518	100.00	-	14,518	100.00
2000	15,164	15,164	100.00	-	15,164	100.00
2001	16,132	16,132	100.00	-	16,132	100.00
2002	18,056	18,056	100.00	-	18,056	100.00
2003	20,176	20,176	100.00	-	20,176	100.00

- (1) Per agreement with San Joaquin County; the County provides the City of Stockton with 100% of the amount owed to the City of Stockton for secured properties, regardless of collection status. In exchange, the County is entitled to 100% of revenues collected for interest and penalties. This agreement is commonly referred to as the Teeter Plan.

Source: San Joaquin County Auditor/Controller's Office

CITY OF STOCKTON

TABLE 6
ASSESSED FULL CASH VALUE OF ALL TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(Dollar amounts in thousands)

Fiscal Year	Secured Roll	Mineral	Utility Roll	Unsecured Roll	Gross Assessed Value	Less Exemptions (1)	Net Assessed Value
1994	7,701,613	-	10,645	730,770	8,443,029	647,588	7,795,441
1995	7,808,294	-	11,171	755,919	8,575,384	678,052	7,897,332
1996	8,001,731	-	11,523	801,470	8,814,724	710,256	8,104,468
1997	7,995,188	-	11,644	783,505	8,790,337	733,337	8,057,000
1998	8,165,852	-	14,893	786,120	8,966,865	755,604	8,211,261
1999	8,347,987	-	17,038	775,627	9,140,653	780,309	8,360,344
2000	8,719,177	-	15,364	799,923	9,534,464	902,578	8,631,886
2001	10,201,671	-	13,536	834,424	11,049,631	952,815	10,096,816
2002	11,300,938	-	12,683	904,354	12,217,975	1,003,662	11,214,313
2003	12,567,833	-	15,054	951,164	13,534,050	1,061,968	12,472,082

Fiscal Year	Land	Improvements	Personal Property	Gross Assessed Value	Less Exemptions (1)	Net Assessed Value
1994	\$ 2,308,510	\$ 5,511,138	\$ 623,380	\$ 8,443,029	\$ 647,588	\$ 7,795,441
1995	2,296,566	5,659,621	619,197	8,575,384	678,052	7,897,332
1996	2,348,413	5,802,491	663,820	8,814,724	710,256	8,104,468
1997	2,297,478	5,848,754	644,105	8,790,337	733,337	8,057,000
1998	2,329,276	5,984,645	652,944	8,966,865	755,604	8,211,261
1999	2,373,758	6,089,228	677,666	9,140,653	780,309	8,360,344
2000	2,439,069	6,384,457	713,937	9,534,464	902,578	8,631,886
2001	2,756,278	7,579,417	713,936	11,049,631	952,815	10,096,816
2002	3,132,565	8,350,637	734,773	12,217,975	1,003,662	11,214,313
2003	3,132,566	8,350,637	734,773	13,534,050	1,061,968	12,472,082

Note: Gross assessed value includes homeowners and other exemptions, and excludes redevelopment area incremental credits.

(1) Exemptions include homeowners (\$255,723) and other (\$747,939).

Source: San Joaquin County Auditor/Controller's Office

CITY OF STOCKTON

TABLE 7
PROPERTY TAX RATES – DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

Fiscal Year	Basic Countywide Levy	City	Stockton Unified School District (1)	Groundwater Investigation (2)	Total
1994	1.0000	0.0024	0.0304	0.0034	1.0362 %
1995	1.0000	-	0.0129	0.0034	1.0163
1996	1.0000	-	0.0332	0.0034	1.0366
1997	1.0000	-	0.0223	0.0034	1.0257
1998	1.0000	-	0.0103	0.0034	1.0137
1999	1.0000	-	0.0206	0.0034	1.0240
2000	1.0000	-	0.0003	0.0034	1.0037
2001	1.0000	-	-	-	1.0000
2002	1.0000	-	0.0277	-	1.0277
2003	1.0000	-	0.0206	-	1.0206

Note: On June 6, 1978, California voters approved an amendment to the Article XIII A of the California Constitution. The amendment, commonly known as Proposition 13, limits the taxing power of California public agencies. The California Legislature enacted legislation to implement Article XIII A (Statutes of 1978, Chapter 292, as amended) providing that local agencies may not levy any property tax except to pay debt service on indebtedness approved by voters prior to July 1, 1978, and that each county will levy the maximum tax permitted of \$1.00 per 100 of full assessed value.

(1) Stockton Unified School District Building Loan Repayment.

(2) Approved by the San Joaquin County Board of Supervisors for testing groundwater quality and investigating causes of contamination. Effective July 1, 2000 Groundwater investigation is being charged as a benefit assessment.

Source: San Joaquin County Tax Rate Book, 2001/02

CITY OF STOCKTON

TABLE 8
PRINCIPAL SECURED PROPERTY TAXPAYERS
June 30, 2003
(Dollar amounts in thousands)

Taxpayer	Nature of Business	2003 Assessed Valuation	Percentage of Total Assessed Valuation
Corn Products, Inc	Food Processing	\$ 76,478	0.729 %
Diamond Walnut Growers, Inc	Food Processing	47,710	0.455
TRU Properties	Warehouse	30,893	0.295
POSDEF Power Co	Industrial	29,696	0.283
Washington Mutual Bank	Office Building	28,293	0.270
Cargill Inc	Flour Mill	22,935	0.219
Newark Group Industrial	Paper	20,651	0.197
Campbell Soup	Food Processing	19,329	0.184
Iris USA Inc	Light Industrial	19,175	0.183
American Honda	Warehouse	19,058	0.182
Principal Secured Property Valuation		\$ 314,218	2.997 %
Other Secured Taxpayers		10,171,789	97.003
Total Secured Property Valuation - Net of Exemptions (1)		<u>\$ 10,486,007</u>	<u>100.000 %</u>

(1) Exemptions relative to the secured tax roll are homeowners (\$260,557) and others (\$780,356).

Source: San Joaquin County Assessor's Office
San Joaquin County Auditor/Controller

CITY OF STOCKTON

TABLE 9
SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS
LAST TEN FISCAL YEARS
(Dollar amounts in thousands)

Fiscal Year	Current Assessments Due	Current Assessments Collected	Total Collection as Percentage of Current Assessments Due	Total Outstanding Delinquent Assessments
1994	18,596	16,441	88.41	2,815
1995	18,941	17,869	94.34	2,168
1996	17,241	16,845	97.70	1,909
1997	16,763	16,379	97.71	1,620
1998	15,928	15,928	100.00	1,748
1999	17,546	17,436	99.37	942
2000	16,431	16,318	99.31	887
2001	18,724	18,672	99.72	885
2002	18,340	18,280	99.67	678
2003	19,713	19,713	100.00	512

Note: Includes Central Parking District; excludes Water and Sanitary Wastewater Utilities.

Source: City of Stockton Administrative Services Department

CITY OF STOCKTON

TABLE 10
COMPUTATION OF LEGAL DEBT MARGIN
June 30, 2003
(Dollar amounts in thousands)

Total Assessed Valuation (less other exemptions)	\$ 12,732,857
Less: Redevelopment Tax Increments	<u>223,851</u>
Basis of Levy	<u>\$ 12,509,006</u>
Debt Limit - 15 Percent of Assessed Valuation (1)	\$ 1,909,929
Amount of Debt Applicable to Debt Limit	<u>0</u>
Legal Debt Margin	<u>\$ 1,909,929</u>

(1) Section 43605 California Government Code

Source: San Joaquin County Auditor/Controller's Office
California Municipal Statistics, Inc., San Francisco, CA

CITY OF STOCKTON

TABLE 11
RATIO OF NET GENERAL OBLIGATION BONDED DEBT
TO TAXABLE ASSESSED VALUE AND
NET GENERAL OBLIGATION BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS
(Dollar amounts in thousands)

Fiscal Year	Population (1)	Gross Assessed Value	Gross Bonded Debt	Debt Payable from Enterprise Revenue	Net Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
1994	228,733	8,443,029	-	-	-	- %	-
1995	232,770	8,575,384	-	-	-	-	-
1996	233,600	8,814,724	-	-	-	-	-
1997	236,500	8,790,337	-	-	-	-	-
1998	240,100	8,966,865	-	-	-	-	-
1999	243,700	9,140,653	-	-	-	-	-
2000	247,300	9,534,464	-	-	-	-	-
2001	251,100	11,049,631	-	-	-	-	-
2002	253,800	12,217,975	-	-	-	-	-
2003	261,300	13,534,050	-	-	-	-	-

2000 Federal Census Population: 243,771 (City)

(1) Population data estimates are as of January 1 of the corresponding year and are not in thousands.

Source: State of California, Department of Finance, Demographic Research Unit
City of Stockton Administrative Services Department
San Joaquin County Auditor/Controller's Office

CITY OF STOCKTON

TABLE 12
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION
BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES
LAST TEN FISCAL YEARS
(Dollar amounts in thousands)

Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
1994	135	3	138	157,589	0.087 %
1995	-	-	-	144,850	N/A
1996	-	-	-	144,183	N/A
1997	-	-	-	170,919	N/A
1998	-	-	-	163,899	N/A
1999	-	-	-	167,351	N/A
2000	-	-	-	194,744	N/A
2001	-	-	-	224,662	N/A
2002	-	-	-	237,072	N/A
2003	-	-	-	269,745	N/A

Source: City of Stockton Administrative Services Department

CITY OF STOCKTON

TABLE 13
DIRECT AND OVERLAPPING BONDED DEBT (1)
June 30, 2003

OVERLAPPING TAX AND ASSESSMENT BONDED DEBT (1)	Percentage Applicable to City	City Share of Debt
Stockton Unified School District	83.827 %	\$ 42,584,116
Lodi Unified School District	24.600	12,300,000
Lincoln Unified School District Community Facilities District #1	82.004	13,161,642
Manteca Unified School District Community Facilities District #1989-1	100.000	25,700,866
City of Stockton Community Facilities District #1	100.000	36,415,000
City of Stockton Community Facilities District #90-1	97.282	12,135,930
City of Stockton Community Facilities District #90-2	100.000	32,305,000
City of Stockton Community Facilities District #90-4	100.000	14,283,038
City of Stockton Community Facilities District #96-1	100.000	4,910,000
City of Stockton Community Facilities District #99-02	100.000	8,285,000
City of Stockton Community Facilities District #2001-1 (Spanos Park West)	100.000	21,460,000
City of Stockton Community Facilities District #2001-1 (Downtown Parking)	100.000	6,180,000
City of Stockton 1915 Act Bonds	100.000	47,591,962
Reclamation District #2042 Community Facilities District #2001-1	18.211	1,460,522
San Joaquin Area Flood Control Assessment District	80.751	18,552,542
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		\$297,325,618
DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		
San Joaquin County Certificates of Participation	34.194 %	\$ 53,424,706
San Joaquin Delta Community College District Certificates of Participation	31.349	1,824,512
Lincoln Unified School District Certificates of Participation	87.379	3,241,761
Lodi Unified School District Certificates of Participation	24.600	2,156,190
Stockton Unified School District Certificates of Participation	83.827	12,586,624
City of Stockton Certificates of Participation	100.000	27,760,000
South San Joaquin Irrigation District Certificates of Participation	0.510	38,862
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		\$101,032,655
Less: South San Joaquin Irrigation District (100% self supporting)		38,862
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		\$100,993,793
Total Gross Debt (1)		\$398,358,273
Total Net Debt		\$398,319,411

2002-03 Assessed Valuation \$ 10,444,991,599
(after deducting \$223,850,605 redevelopment incremental valuation and other exemptions of \$801,193,573)
2002-03 Population (2) 261,300

Debt Ratios		Per Capita	Ratio to Assessed
Total Gross Debt	\$ 398,358,273	\$ 1,525	3.81%
Total Net Debt	\$ 398,319,411	\$ 1,524	3.81%

State School Building Aid Repayable as of 6/30/03: \$16750

- (1) Excludes tax and revenue anticipation notes, revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.
- (2) Population data estimates are as of January 1 of the corresponding year.

Source: California Municipal Statistics, Inc., San Francisco, CA
San Joaquin County Auditor/Controller's Office
State of California, Department of Finance, Demographic Research Unit

CITY OF STOCKTON

TABLE 14
REVENUE BOND COVERAGE
WATER REVENUE BONDS
LAST TEN FISCAL YEARS
(Dollar amounts in thousands)

Fiscal Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements (3)			
				Principal	Interest	Total	Coverage
2002	\$ 16,960	\$ 11,295	\$ 5,665	\$ -	\$ -	\$ -	N/A
2003	\$ 16,333	\$ 12,320	\$ 4,013	\$ -	\$ 614	\$ 614	6.54

Note: Revenue bonds were not issued in the ten fiscal years prior to fiscal year 2002.

- (1) Total revenues (including investment earnings) exclusive of capital contributions.
- (2) Total operating expenses exclusive of depreciation and amortization.
- (3) Includes principal and interest of water revenue bonds only. Does not include debt defeasance transactions.

Source: City of Stockton Administrative Services Department

CITY OF STOCKTON

**TABLE 15
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS**

Fiscal Year	Square Miles	City Population (1)	Population Percent Change	County Population (1)	City Population as a Percent of County	Rank in California by Population
1994	55.50	228,733	1.075 %	522,300	43.793 %	12
1995	55.50	232,770	1.765	530,700	43.861	12
1996	55.50	233,600	0.357	529,300	44.134	12
1997	55.50	236,500	1.241	535,400	44.173	12
1998	55.90	240,100	1.522	545,200	44.039	12
1999	56.49	243,700	1.499	554,400	43.960	12
2000	56.49	247,300	1.477	566,600	43.646	12
2001	57.74	251,100	1.537	583,700	43.019	13
2002	57.74	253,800	1.075	596,000	42.584	13
2003	57.49	261,300	2.955	613,500	42.592	13

2000 Federal Census Population: 243,771 (City)
 563,598 (County)

(1) Population estimates are as of January 1 of the corresponding year.

Source: City of Stockton Community Development Department
State of California, Department of Finance, Demographic Research Unit

CITY OF STOCKTON

TABLE 16
CONSTRUCTION ACTIVITY AND BANK DEPOSITS
LAST TEN FISCAL YEARS
(Dollar amounts in thousands)

Fiscal Year	Building Permits Issued	Percent Change	Estimated Valuation	Percent Change	Deposits: Banks Savings & Loans Credit Unions (1)	Percent Change
1994	4,783	-2.188	191,629	10.529	3,008,735	-4.700 %
1995	4,775	-0.167	149,383	-22.046	3,240,633	7.707
1996	5,841	22.325	211,338	41.474	2,905,214	-10.350
1997	5,730	-1.900	211,016	-0.152	3,029,472	4.277
1998	5,514	-3.770	236,854	12.245	3,228,462	6.568
1999	6,321	14.635	277,659	17.228	4,729,720	46.501
2000	7,397	17.023	406,693	46.472	4,671,407	-1.233
2001	7,459	0.838	437,740	7.634	8,220,859	75.983
2002	7,478	0.255	438,905	0.266	10,640,618	29.434
2003	9,476	26.718	768,186	75.023	N/A	N/A

(1) Current fiscal year data becomes available the following year.

Source: City of Stockton Community Development Department
The Findley Reports on Financial Institutions, Anaheim, California

CITY OF STOCKTON

TABLE 17
MISCELLANEOUS STATISTICS
June 30, 2003

GEOGRAPHICAL LOCATION

Situated 345 miles north of Los Angeles and 78 miles east of San Francisco, Stockton is nestled between the Sierra Nevadas and the Pacific Ocean. It is the seat of San Joaquin County, which is in the heart of the San Joaquin Valley – one of the world's most productive agricultural regions.

GENERAL

Date of Incorporation	July 25, 1850
City Charter Adopted	January 15, 1889
Form of Government	Council-Manager
Area/Square Miles	57.74
Elevation	23

DEMOGRAPHIC

Number of Housing Units	85,988
Median Family Income	50,600

LAND USE – SQUARE MILES

Residential	16.00
Commercial	2.94
Industrial	6.25
Institutional	7.53
Vacant/Agricultural	17.00
All Other Use	7.77

PUBLIC WORKS

Miles of Streets	720
Miles of Storm Drains	550
Miles of Sanitary Sewers	1,260
Miles of Water Lines	690
Traffic Signals	296

BUSINESS TAX CERTIFICATES

Retail Sales & Service	7,893
Wholesalers	299
Manufacturers & Processors	145
Professions	1,814
Contractors, Peddlers, Delivery Vehicles, etc.	3,685

COLLEGES & UNIVERSITIES

Junior Colleges	1
4-Year Colleges	2
4-Year Colleges (Satellites)	3

PUBLIC EDUCATION FACILITIES

Elementary Schools	46
Enrollment	30,223
K-8 Schools	13
Enrollment	8,320
Secondary Schools (7-8)	7
Enrollment	8,176
High Schools	15
Enrollment	15,054
Special Education	1
Enrollment	80
Alternative Education and Occupational Training classes are offered at many of the facilities listed above.	

CULTURE & RECREATION

Parks and Squares	55
Park Acreage	557
Boating Facilities - Lane	10
Municipal Golf Courses	4
Golf Course Acreage	408
Family Camps	1
Museums	1
Children's Activities	2
Civic Auditorium (2,800 capacity)	1
Senior Citizens Centers	3
Ice Rinks	1
Community Centers	6
Swimming Pools	4
Baseball/Softball-Diamonds	41
Tennis Courts	62

LIBRARIES

Central Library	1
Branches	3
Library Mobile Units	2
S.J. County Branches	6
Total Volumes Held	1,149,659

POLICE PROTECTION

<u>Personnel:</u>	
Sworn	385
Non-Sworn	167
Animal Control	18
Reserve/Volunteer Police	
Officers	17
Other Volunteers (VIPS)	49
<u>Facilities:</u>	
Stations and Substations	4
Animal Control Facility	1
Police Training Facility	1

Vehicles:

Marked Patrol Cars	118
Motorcycles and Scooters	18
Animal Control Vehicles	9
VIPS Vehicles	5
Other Mobile Units	36
Other Automobiles	118

FIRE PROTECTION

Firefighters- Sworn	236
Firefighters- Auxiliary	30
Non-Sworn Personnel	28
Paramedic Teams (2/Team)	12
Fire Stations	12
Training Facilities	1
Fire Insurance Class	1
Fire Hydrants	7,024

HOSPITALS

Acute Care Facilities	2
Patient Beds	499

CITY EMPLOYEES

Full Time (Classified)	1,491
Full Time (Unclassified)	147
Part Time (Unclassified)	885

Sources: City of Stockton
San Joaquin County Office of Education

This page intentionally blank.

CITY OF STOCKTON

TABLE 18
SCHEDULE OF INSURANCE IN FORCE
June 30, 2003

(continues)

Type of Coverage	Company	Period	Amount/Limits
GENERAL LIABILITY EXCESS	CJPRMA Federal Insurance Co (CHUBB)	07/01/2002 to 07/01/2003	\$5,000,000 XS SIR not to exceed \$10,000,000
WORKER'S COMP EXCESS	Continental Casualty	7/1/2002 to 6/30/2003	\$25,000,000 - per accident/per employee \$1,000,000 - employer's liability
PROPERTY COVERAGE	US Fidelity & Guaranty Co	07/01/2002 to 07/01/2003	\$5,000,000
BOILER & MACHINERY	The Hartford Steam Boilers	07/01/2002 to 07/01/2003	\$21,250,000
OWNED NON-OWNED POOL LIABILITY	Scottsdale Insurance Co	05/13/2002 to 09/13/2003	\$2,000,000 GA, PL including \$100,000 each occurrence
ADMIN SERVICES BOND	The Hartford Insurance Co	07/08/2000 to 07/08/2003	\$100,000
EMPLOYEES BLANKET BOND (Commercial Crime Policy)	Travelers Insurance	09/22/2000 to 09/22/2003	\$500,000 \$100,000
PUBLIC OFFICIALS BOND	CNA	01/01/2001 to 01/01/2005	\$5,000
BLANKET NOTARY	CNA Insurance Co	04/18/2003 to 04/18/2004	\$100,000
MEDICAL PLAN STOP LOSS AND CONVERSION PLAN	Zenith Administrators & U.L.L.I.C.O.	05/01/2002 to 06/30/2003	\$810,000 per covered individual per coverage year plus Aggregate Insurance if total claim cost exceeds 125% of expected claims
EXECUTIVE TRAVEL POLICY Accident Insurance	AIG Insurance	01/24/2003 to 01/24/2004	\$200,000 per person \$600,000 per accident
TRAVEL POLICY Accident Insurance	AIG Insurance	03/05/2003 to 03/05/2004	\$200,000 per person \$600,000 per accident

Deductible	Premium	Details of Coverage
\$ 1,000,000 SIR	\$688,074	Excess auto-comp, general liability errors and omissions liability and excess non-owned aircraft liability
\$ 1,000,000 each Accident, each Employee	\$ 0.2728/\$100 Payroll	Covers worker's comp claims in excess of self-insured retention
\$25,000	\$139,998	Real/personal property, rental value, extra expense, leasehold interest, valuable papers & records, A/R, fine arts, transit, demolition, and increased cost of construction. Automatic acquisition for the perils of all risk.
\$5,000	\$19,272	Boilers; compressed air storage tanks
\$0	\$21,258	OL&T liability coverage owned, non-owned pools (6)
\$0	\$1,040	Public Official's Bond
\$10,000 \$10,000	\$29,110	Employee dishonesty and computer fraud, forgery, theft, disappearance, and robbery
\$0	\$800	Faithful performance by Council members
\$0	\$1,350	Errors and omissions
\$ 190,000 per covered individual per coverage year	\$26.30-26.73 per active employee (or under 65 retiree) per month \$8.27-8.59 per retiree over 65 per month	Medical plan claims in excess of self-insured retention, and conversion benefit plan option.
\$0	\$3,288	Travel accident coverage when on City business for management employees
\$0	\$1,000	Travel accident coverage when on City business for non-management employees